

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1. CORPORATE INFORMATION

The financial report of RuralAus Investments Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29 September 2009.

RuralAus Investments Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for investment properties and available-for-sale investments that have been measured at fair value and biological assets that have been measured at fair value less point-of-sale costs.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

There is no impact of new accounting standards and interpretations applied during the year.

(b) New accounting standards and interpretations

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. In the future when the Group has qualifying assets the amendments will impact on the Group's accounting policy.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to and AASB 127 (Revised) above.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.</p> <p>This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards.</p> <p>The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 (refer to AASB 2008-6).</p>	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity of Associate	<p>The main amendments to relevance to Australian entities are those made to IAS 27 deleting the "cost method" and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre and post-acquisition profit is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	1 January 2009	<p>Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.</p> <p>In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a "carry-over basis" rather than fair value.</p>	1 July 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	<p>The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> • Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) • Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and • Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3) <p>These amendment arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009.</p> <p>The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.</p>	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB2 and AASB 138 and AASB Interpretations 9 & 16)	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment or relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The amendments pertaining to IFRS 5, 8, IAS 1, 7, 17, 36 and 39 have been issued in Australia as AASB 2009-5.</p>	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project. (AASB 5, 8, 101, 107, 117, 118, 136 & 139)	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvement to IFRSs</i>. The AASB has issued the amendments to IFRS 1, IAS 28, IFRIC 9 as AASB 2009-4.</p>	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-7	Amendments to Australian Accounting Standards (AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17)	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	<p>The amendments clarify the accounting for group cash-settled share-based payment transactions in particular:</p> <ul style="list-style-type: none"> • The scope of AASB 2; and • The interaction between IFRS 2 and other standards <p>An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p> <p>A “group” has the same meaning as in IAS 27 <i>Consolidated and Separate Financial Statements</i>, that is, it includes only a parent and its subsidiaries.</p> <p>The amendments also incorporate guidance previously included in IFRIC 8 <i>Scope of IFRS 2</i> and IFRIC 11 <i>IFRS 2 – Group and Treasury Share Transactions</i>. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.</p>	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of RuralAus Investments Limited and its subsidiaries as at 30 June each year ("the Group").

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

(d) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Biological Assets (Livestock)

Livestock are used on the properties for weed control and are valued at fair value less costs to sell at each reporting date. The fair value is determined based on the market prices. Changes in fair value less estimated point-of-sale costs are recognised in the income statement in the year they arise.

(h) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year-end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(i) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	<u>Straight Line</u>
i. Plant and equipment	6-33%
ii. Mobile plant and vehicles	20%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Investment properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from an investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under *Property, plant and equipment* up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(k) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels of which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

within 30 days of recognition.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(n) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Leave Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rendering of services/Unearned income

This represents lease and management fees that are invoiced annually in advance in June each year. This income is brought to account on a monthly basis. Lease and management fees are recognised as they accrue under the relevant lease and management agreement.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Rent

Rent is recognised as it accrues under the relevant rental agreement.

Agistment

Agistment is recognised as it accrues under the relevant agistment agreement. Agistment is payment for a third party's livestock to graze on the Group's properties.

(q) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

RuralAus Investments Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, RuralAus Investments Limited and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, RuralAus Investments Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Diluted earnings per share is calculated as net profit attributable to member of the parent adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates, and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Valuation of investment properties

Investment properties are stated at fair value, based on periodic but at least triennial valuations by external independent valuers who apply the Australian Property Institute (API) Mortgage Security Valuation Standards, less any impairment losses recognised after the date of the revaluation. During the intervening period valuation is based on discounted cash flow models determined by Management.

Recoverability of grower loans – impairment allowance

The recoverability of grower loans has been reviewed on an individual basis. Based on the growers past payment history, current payment history, discussions and correspondence with growers, an estimate of the recoverability of the loan and hence whether an impairment allowance needs be raised against that loan, has been made.

Valuation of biological asset

Biological assets are stated at fair value, which has been based on the estimated selling price of the assets less estimated point-of-sale costs.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluation conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. Management has considered the triggers for impairment and concludes that there is no impairment.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise receivables, payables, available-for-sale investments, bank loans, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Primary responsibility for identification and control of financial risks is borne between the board members and executive management.

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest bearing liabilities and short-term deposits. The level of debt is disclosed in Note 21. As the loans provided to growers are at a fixed rate of interest, there is no interest rate exposure in relation to those loans.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Financial Assets				
Cash and cash equivalents	3,576	2,660	1	45
	<u>3,576</u>	<u>2,660</u>	<u>1</u>	<u>45</u>
Financial Liabilities				
Interest bearing liabilities	(2,500)	(2,500)	-	-
	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Net Exposure	<u>1,076</u>	<u>160</u>	<u>1</u>	<u>45</u>

The Group has negotiated bank bill facilities with the National Australia Bank. The Group continually monitors interest rate exposure and should interest rates rise significantly, given the cash reserves of the Group, it has an ability to repay most, if not all, of the interest bearing facilities.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

The following table demonstrates the sensitivity of the Fund's income statement to a reasonably possible change in interest rates based on historical fluctuation in interest rates over a 5-year period and management's expectations of the future interest rate with all other variables held constant.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Judgments of reasonably possible movements:	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Consolidated				
+1% (100 basis points)	11	2	11	2
-0.5% (50 basis points)	(5)	(1)	(5)	(1)
Parent				
+1% (100 basis points)	-	-	-	-
-0.5% (50 basis points)	-	-	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The company aims to minimise concentrations of credit risk in relation to trade receivables and loans to growers by undertaking transactions with a large number of customers.

Cash at bank is held at reputable financial institutions with S&P (Standard & Poors) ratings of AA.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days for receivables other than loans to growers
- a regular risk review takes place on all receivables and loan balances
- a thorough assessment process is used for all growers loans

One member of staff's main responsibility is to monitor the work being done by Pioneer Credit on a daily basis in relation to the recovery of outstanding accounts and to assess which accounts should be sent to Pioneer Credit for collection. This person reports directly to the Finance Manager on these issues.

Legal action on those particular accounts where the matter is being defended are dealt with directly by the Chief Financial Officer and the lawyers involved.

The Finance Manager and Chief Financial Officer who both regularly report to the Chief Executive Officer and the Board of Directors on these matters.

Refer to Note 9 for ageing analysis of loan receivables.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other available credit lines.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2009. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
6 months or less	(2,653)	(2,956)	(1)	-
6 – 12 months	-	-	-	-
1 – 5 years	-	-	-	-
Over 5 years	-	-	-	-
	<u>(2,653)</u>	<u>(2,956)</u>	<u>(1)</u>	<u>-</u>

Maturity analysis of financial assets and liability based on management's expectations

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, RuralAus Investments Limited has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Year ended 30 June 2009	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Consolidated					
Financial Assets					
Cash and cash equivalents	3,576	-	-	-	3,576
Trade and other receivables	2,454	-	3,910	-	6,364
Available for-sale investments	-	-	162	-	162
Loans receivable	230	-	2,802	-	3,032
Other financial assets	169	-	8	-	177
	<u>6,429</u>	<u>-</u>	<u>6,882</u>	<u>-</u>	<u>13,311</u>

Consolidated					
Financial Liabilities					
Trade and other payables	(109)	-	-	-	(109)
Interest bearing loans and borrowings	(2,500)	-	-	-	(2,500)
	<u>(2,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,609)</u>
Net Maturity	<u>3,820</u>	<u>-</u>	<u>6,882</u>	<u>-</u>	<u>10,702</u>

Year ended 30 June 2008	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Consolidated					
Financial Assets					
Cash and cash equivalents	2,660	-	-	-	2,660
Trade and other receivables	4,935	-	3,892	-	8,827
Available for-sale investments	-	-	129	-	129
Other financial assets	379	-	-	-	379
	<u>7,974</u>	<u>-</u>	<u>4,021</u>	<u>-</u>	<u>11,995</u>

Consolidated					
Financial Liabilities					
Trade and other payables	(366)	-	-	-	(366)
Interest bearing loans and borrowings	(2,500)	-	-	-	(2,500)
	<u>(2,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,866)</u>
Net Maturity	<u>5,108</u>	<u>-</u>	<u>4,021</u>	<u>-</u>	<u>9,129</u>

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Year ended 30 June 2009	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Parent					
Financial Assets					
Cash and cash equivalents	1	-	-	-	1
Trade and other receivables	9	3,950	-	-	3,959
Available for-sale investments	-	-	162	-	162
Other current assets	-	80	-	-	80
	10	4,030	162	-	4,202

Parent					
Financial Liabilities					
Trade and other payables	(1)	(993)	-	-	(994)
	(1)	(993)	-	-	(994)
Net Maturity	9	3,037	162	-	3,208

Year ended 30 June 2008	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Parent					
Financial Assets					
Cash and cash equivalents	45	-	-	-	45
Trade and other receivables	26	4,066	-	-	4,092
Available for-sale investments	-	-	129	-	129
Other current assets	-	80	-	-	80
	71	4,146	129	-	4,346
Parent					
Financial Liabilities					
Trade and other payables	(56)	(753)	-	-	(809)
	(56)	(753)	-	-	(809)
Net Maturity	15	3,393	129	-	3,537

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Price risk

The Group's exposure to commodity and equity securities price risk is minimal.

Equity securities price risk arises from investments in equity securities. The Group has exposure to only one equity security, being Gage Roads Brewing Ltd. ("GRB"). The Group has 2,525,000 shares in GRB. These shares were originally purchased at \$0.40 per share and are currently valued at \$0.064 per share. Changes in the value of the shares are brought to account in the reserves.

The following table demonstrates the sensitivity to the Group's income statement to a reasonably possible fluctuation in the share price of GRB with all other variables held constant. A figure of 25% fluctuation has been used as this represents the movement in the share price of GRB over the past 12 months:

Judgments of reasonably possible movements:	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Consolidated				
+25% (2008: 10%) in share price of GRB	-	-	40	13
-25% (2008: 10%) in share price of GRB	(40)	(6)	(40)	(6)
Parent				
+25% (2008: 10%) in share price of GRB	-	-	40	13
-25% (2008: 10%) in share price of GRB	(40)	(6)	(40)	(6)

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

4. SEGMENT INFORMATION

The Group's primary segment reporting format is business segments as the Group's risks and returns are affected predominately by differences in the products and services produced.

The forestry management segment primarily involves the packaging, marketing, establishment and management of investment in timber plantations.

The finance segment was created to support the marketing of timber investments through the raising and provision of finance to investors in the promoted projects.

All operations are conducted in Australia.

Year ended 30 June 2009

	Forestry \$'000	Finance \$'000	Unallocated \$'000	Total \$'000
Revenue				
Revenue from external customers	982	1,679	1	2,662
Total segment revenue	982	1,679	1	2,662
Result				
Segment result	(1,104)	(1,492)	(829)	(3,425)
Loss before tax and finance				(3,425)
Finance costs				(166)
Loss before income tax				(3,591)
Income tax benefit				934
Net loss for year				(2,657)
Assets and liabilities				
Segment assets	10,598	8,523	837	19,958
Total assets				19,958
Segment liabilities	1,924	2,149	4	4,077
Total liabilities				4,077
Other segment information				
Depreciation and amortisation	(44)	-	-	(44)
Impairment losses of trade receivables	(356)	(3,145)	-	(3,501)
Impairment of available for sale investment	-	-	(81)	(81)
Impairment loss other financial assets	(368)	-	-	(368)

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

Year ended 30 June 2008

	Forestry \$'000	Finance \$'000	Unallocated \$'000	Total \$'000
Revenue				
Revenue from external customers	940	1,968	21	2,929
Total segment revenue	940	1,968	21	2,929
Result				
Segment result	(72)	360	(848)	(560)
Loss before tax and finance costs				(560)
Finance costs				(256)
Loss before income tax				(816)
Income tax benefit				437
Net loss for year				(379)
Assets and liabilities				
Segment assets	12,646	10,438	282	23,366
Total assets				23,366
Segment liabilities	2,971	1,884	86	4,941
Total liabilities				4,941
Other segment information				
Depreciation and amortisation	(44)	-	-	(44)
Impairment losses of trade receivables	(128)	(1,546)	-	(1,674)
Increase in fair value of investment properties	1,083	-	-	1,083
Impairment of available for sale investment	-	-	(389)	(389)

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

5. REVENUE AND EXPENSES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Other income				
Fair value movement in investment properties	-	1,083	-	-
Fair value movement in biological assets	-	27	-	-
Penalty interest – lease and management fees	61	-	-	-
Fire insurance	33	-	-	-
Other	-	3	-	-
	94	1,113	-	-
(b) Other expenses				
Impairment of receivables – Note 9	3,501	1,674	-	-
Impairment of available for sale investment	81	389	81	389
Impairment of other financial assets – Note 14	368	-	-	-
Audit fees	59	66	14	3
Property, plant and equipment write off	88	-	-	-
Unrecoverable GST	14	3	5	7
ASIC fees	8	10	1	1
Depreciation	44	44	-	-
ASX/share registry fees	5	45	6	45
Directors fees	250	231	250	231
Legal fees	52	142	(15)	99
Cost of shares to Scott Wallace	-	20	-	20
Fair value decrease in biological assets	11	-	-	-
Responsible entity's costs	142	163	-	-
Professional fees	70	80	11	33
Other corporate expenses	82	118	50	73
	4,775	2,985	403	901
(c) Finance costs				
Bill facility fee	50	50	-	-
Loan interest	116	206	-	-
	166	256	-	-
(d) Employee benefits expense				
Wages and salaries	556	620	-	-
Superannuation costs	52	56	-	-
Shares issued	-	20	-	20
	608	696	-	20

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

6. INCOME TAX

The major components of income tax expense are:

Income Statement

Current income tax

Current income tax charge/(benefit)

Adjustments in relation to previous income tax

Deferred income tax

Relating to origination and reversal of temporary differences

Benefit from previously unrecognised tax loss used to reduce deferred tax expense

Income tax expense/(benefit) reported in income statement

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current income tax charge/(benefit)	-	-	-	-
Adjustments in relation to previous income tax	(592)	(321)	(592)	(321)
Relating to origination and reversal of temporary differences	(342)	(116)	337	(145)
Benefit from previously unrecognised tax loss used to reduce deferred tax expense	-	-	-	-
Income tax expense/(benefit) reported in income statement	(934)	(437)	(255)	(466)

A reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:

Accounting profit/(loss) before tax	(3,591)	(816)	(424)	(888)
At the statutory income tax rate of 30% (2008: 30%)	(1,077)	(245)	(128)	(266)
Add: Non-deductible expenses/capital gain on sale of land	(4)	13	-	6
Write down of investment	24	116	24	116
Temporary differences not recognised	806	1	201	-
Adjustments in relation to previous income tax	(592)	(321)	(592)	(321)
Less: Adjustment in respect of previous deferred income tax	(91)	(1)	240	(1)
Income tax expense/(benefit) reported in income statement	(934)	(437)	(255)	(466)

Tax Consolidation

The company and its 100% owned controlled entities have formed a tax consolidation group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is RuralAus Investments Limited.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

6. INCOME TAX cont...

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/(decrease) in the member entities' intercompany accounts with the tax consolidated group head company, RuralAus Investments Limited. In this regard the company has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CONSOLIDATED						
Capital raising costs	(2)	(2)	-	-	(2)	(2)
Trade and other receivables	(1,598)	(2,229)	758	853	(840)	(1,376)
Property, plant and equipment	(100)	-	1,787	2,895	1,687	2,895
Trade and other payables	(19)	(14)	-	-	(19)	(14)
Tax losses	(344)	(681)	-	-	(344)	(681)
Tax (assets)/liabilities	(2,063)	(2,926)	2,545	3,748	482	822
Set off of tax	2,063	2,926	(2,063)	(2,926)	-	-
Net tax (assets)/liabilities	-	-	482	822	482	822
PARENT						
Capital raising costs	(2)	(2)	-	-	(2)	(2)
Trade and other payables	(2)	(1)	-	-	(2)	(1)
Tax losses	(344)	(681)	-	-	(344)	(681)
Tax (assets)/liabilities	(348)	(684)	-	-	(348)	(684)
Set off of tax	-	-	-	-	-	-
Net tax (assets)/liabilities	(348)	(684)	-	-	(348)	(684)

Deferred income tax

Deferred income tax at 30 June 2009 relates to the following:

CONSOLIDATED

Movements in temporary differences during the year	Balance 1/7/07 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30/6/08 \$'000
Capital raising costs	(1)	-	(1)	(2)
Property, plant and equipment	2,570	325	-	2,895
Trade and other receivables	(1,591)	215	-	(1,376)
Trade and other payables	(40)	26	-	(14)
Tax losses	-	(681)	-	(681)
	938	(115)	(1)	822

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

6. INCOME TAX cont...

Movements in temporary differences during the year	Balance 1/7/08 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30/6/09 \$'000
Capital raising costs	(2)	-	-	(2)
Property, plant and equipment	2,895	(1,208)	-	1,687
Trade and other receivables	(1,376)	537	-	(839)
Trade and other payables	(14)	(5)	-	(19)
Tax losses	(681)	336	-	(345)
	<u>822</u>	<u>(340)</u>	<u>-</u>	<u>482</u>

PARENT

Movements in temporary differences during the year	Balance 1/7/07	Recognised in Income	Recognised in Equity	Transfer Out/(in)	Balance 30/6/08
Capital raising costs	(1)	-	(1)	-	(2)
Trade and other payables	(2)	1	-	-	(1)
Tax losses	-	(146)	-	(535)	(681)
	<u>(3)</u>	<u>(145)</u>	<u>(1)</u>	<u>(535)</u>	<u>(684)</u>

Movements in temporary differences during the year	Balance 1/7/08	Recognised in Income	Recognised in Equity	Transfer Out/(in)	Balance 30/6/09
Capital raising costs	(2)	-	-	-	(2)
Trade and other payables	(1)	(2)	-	-	(3)
Tax losses	(681)	338	-	-	(343)
	<u>(684)</u>	<u>336</u>	<u>-</u>	<u>-</u>	<u>(348)</u>

7. EARNINGS PER SHARE

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

a) Earnings used in calculating earnings per share

	Consolidated	
	2009 \$'000	2008 \$'000
Net Profit/(loss) attributable to ordinary equity holders of the parent	(2,657)	(379)

b) Weighted average number of shares

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	52,032	52,032
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	52,032	52,032

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	3,576	2,660	1	45
	<u>3,576</u>	<u>2,660</u>	<u>1</u>	<u>45</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

Of the available cash at bank, \$2,565,000 is pledged as cash security for the bank bill facility as described in Note 21 and not available for use unless approved by the bank.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables (a)	17	26	-	-
Goods and service tax receivable	-	41	9	26
Interest receivable from Growers (d)	3,410	4,954	-	-
Loans to Growers (b)	2,761	5,194	-	-
Allowance for impairment loss (f)	(4,369)	(6,138)	-	-
	1,802	4,010	-	-
Grower management fee (e)	1,228	1,818	-	-
Allowance for impairment loss (f)	(593)	(960)	-	-
	635	858	-	-
	2,454	4,935	9	26
Trade receivables with wholly-owned group controlled entities	-	-	3,950	4,066
Carrying amount of trade and other receivables	2,454	4,935	3,959	4,092

a) Terms of trade

Trade debtors are non-interest bearing and generally on 30-day terms.

b) Loans to growers

The above amount represents the portion of loans to growers that is due within the next 12 months.

c) Related party receivables

Details of the terms and conditions of related party receivables are set out in Note 30.

d) Interest Receivable

Represents outstanding interest charged on loans to growers. It is due and payable immediately.

e) Grower Management Fees

Represents grower lease and management fees invoiced and charged to date. These amounts are immediately due and payable.

f) Allowance for impairment loss

An impairment loss is recognised when there is objective evidence that a trade receivable is impaired. An allowance for impairment loss of \$3,501,000 (2008: \$1,341,000) has been recognised by the Group and \$Nil (2008: \$Nil) by the company in the "other expenses" line item for the current year for specific debtors and debtors assessed on a collective basis, as described in Note 2(f), for which such evidence exists.

At 30 June 2009, a total of 84 loans, representing \$5,431,000 in outstanding principal and interest were either in breach or default. At 30 June 2008, 164 loans with outstanding principal and interest of \$7,271,000 were either in breach or default. The number of outstanding loans has decreased since last year as a result of the continued efforts of staff attempting to recover those loans and that a significant number of loans were written off as uncollectable as all efforts to recover the loans had been exhausted.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES cont...

At 30 June, the ageing analysis of trade receivables is as follows:

Consolidated		Total	61-90 Days PDNI*	61-90 Days CI*	+ 91 Days PDNI*	+ 91 Days CI*
2009	Interest receivable	3,410	-	-	710	2,700
	Loans to growers	2,761	-	-	1,092	1,669
	Grower management fee	1,228	-	-	635	593
		<u>7,399</u>	-	-	<u>2,437</u>	<u>4,962</u>
2008	Interest receivable	4,954	-	-	1,676	3,278
	Loans to growers	5,194	-	-	2,334	2,860
	Grower management fee	1,818	-	-	858	960
		<u>11,966</u>	-	-	<u>4,868</u>	<u>7,098</u>

*PDNI – Past due not impaired

*CI – Considered impaired

g) Credit risk and effective interest rate risk

Details regarding the credit risk and effective interest rate of current receivables are disclosed in Note 3.

Movements in the allowance for impairment loss were as follows:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loans receivable				
At 1 July	6,138	6,441	-	-
Charge for the year	3,146	1,213	-	-
Amounts written off	(4,915)	(1,516)	-	-
At 30 June	<u>4,369</u>	<u>6,138</u>	-	-
Lease and Management fees receivable				
At 1 July	960	1,138	-	-
Charge for the year	355	128	-	-
Amounts written off	(722)	(306)	-	-
At 30 June	<u>593</u>	<u>960</u>	-	-
10. INCOME TAX RECEIVABLE				
Income tax refund	592	-	592	-
	<u>592</u>	-	<u>592</u>	-
11. CURRENT ASSETS - OTHER				
Monies held by Responsible Entity to be banked	62	249	-	-
Prepayments	107	130	80	80
	<u>169</u>	<u>379</u>	<u>80</u>	<u>80</u>

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

12. NON CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loans to growers (a)	4,243	4,225	-	-
Allowance for impairment loss (b)	(333)	(333)	-	-
	<u>3,910</u>	<u>3,892</u>	<u>-</u>	<u>-</u>

a) Loans to Growers

Loans to Growers are interest bearing with principal repayable at harvest in four to five years.

b) Allowance for impairment loss

An impairment loss of \$333,000 has been made. All non-current loans to growers are in scheme 1, in which the Group has guaranteed a return of \$9,000 per woodlot to those growers who obtained finance from Australian Growth Finance Limited.

13. BIOLOGICAL ASSETS

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Livestock – Sheep	66	89	-	-
	<u>66</u>	<u>89</u>	<u>-</u>	<u>-</u>

Movement in Biological assets - Consolidated

	Value		Quantity	
	\$'000	\$'000	No.	No.
Balance at beginning of the period	89	40	3,024	2,264
Additions	-	77	-	1,689
Disposals	(23)	(28)	(574)	(929)
Balance at the end of the period	<u>66</u>	<u>89</u>	<u>2,450</u>	<u>3,024</u>

14. NON CURRENT ASSETS – OTHER FINANCIAL ASSETS

Interest in controlled entities at cost	-	-	709	709
Unsecured loan (a)	368	-	-	-
Allowance for impairment	(368)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	8	17	-	-
	<u>8</u>	<u>17</u>	<u>709</u>	<u>709</u>

Refer to Note 30 where details of the subsidiaries are provided.

(a) Unsecured loan

This relates to expenses incurred in relation to a property development, and paid by the Group, being conducted by the third party who has purchased the Group's Toocalup and Myamba properties. This loan is to be repaid on sale of the third party's properties.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

15. NON CURRENT ASSETS - PLANT & EQUIPMENT

a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At beginning of period net of accumulated depreciation	245	181	-	-
Additions	8	113	-	-
Disposals	(90)	(5)	-	-
Depreciation charge for year	(44)	(44)	-	-
At end of period net of accumulated depreciation	119	245	-	-
At beginning of period				
Cost	389	281	-	-
Accumulated depreciation	(144)	(100)	-	-
Net carrying amount	245	181	-	-
At end of period				
Cost	307	389	-	-
Accumulated depreciation	(188)	(144)	-	-
Net carrying amount	119	245	-	-

b) Plant and equipment pledged as security for liabilities

Plant and equipment with a carrying amount of \$119,000 is subject to a first charge in favour of the National Australia Bank supporting the bank loans as disclosed in Note 21.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

16. NON CURRENT ASSETS – AVAILABLE-FOR-SALE ASSETS

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At Fair value				
Shares – listed	162	129	162	129
	162	129	162	129

a) Shares – listed

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market and is based on the bid price as at 30 June 2009.

17. NON CURRENT ASSETS – INVESTMENT PROPERTIES

At Fair value				
Investment properties	5,870	11,020	-	-
	5,870	11,020	-	-

Investment properties are carried at fair value, which has been determined based on discounted cash flow forecasts prepared by management using information in relation to the projected lease payments to be received by growers and recoverable amount of the land.

In preparing the discounted cash flows, the following assumptions have been used:

- A discount rate of 10% has been applied;
- Inflation has been estimated at 3%; and
- A rural land growth rate of 4%.
- Change in market conditions.

The nature of the Group's plantation projects is such that the fair value of a property will be reduced when it is leased to growers in the project as the property is "encumbered". Each subsequent year the fair value of existing investment property is expected to increase, provided that everything stays the same, as the lease period reduces and this gain is recorded in the income statement as an investment property fair value adjustment. The unwinding of discount was offset by the changes in the market conditions, hence, there was no change in the fair value of these properties.

Three of the four Bremer Bay properties were sold in December 2008 for \$5,150m the settlement of which is outlined in Note 23.

The fair-value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

The investment property forms part of the assets pledged as security for the interest bearing liabilities as disclosed in Note 21.

Investment Properties

Opening balance as at 1 July	11,020	9,937	-	-
Net gain from fair value adjustment	-	1,083	-	-
Disposal	5,150	-	-	-
Closing balance as at 30 June	5,870	11,020	-	-

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	34	223	1	56
Other payables	34	34	-	-
Intercompany loans with wholly-owned group controlled entities	-	-	993	753
	68	257	994	809

a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 day terms.

b) Other payables

Represent annual leave entitlements of employees within the Group and are non-interest bearing.

c) Related party payables

Details of terms and conditions of related party payables are set out in Note 30. Amounts due to wholly-owned group controlled entities are interest free with repayment date unspecified with payment at call.

19. CURRENT LIABILITIES - TAX LIABILITIES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Goods and Services tax payable	12	-	-	-
PAYE tax payable	29	109	3	30
	41	109	3	30

20. CURRENT LIABILITIES - UNEARNED INCOME

Grower prepaid lease and management fees	611	844	-	-
Borrower prepaid interest	375	409	-	-
	986	1,253	-	-

a) Grower prepaid lease and management fees

Grower management fees represent management fees paid in the current financial year but not due until the 2009/10 financial year.

b) Borrower prepaid interest

Borrower prepaid interest represents interest paid in the current financial year but not due until the following financial year.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

21. INTEREST-BEARING LIABILITIES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Secured Bank loan – Bills of exchange (a)	2,500	2,500	-	-
	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>-</u>

The total facilities available to the Group as at balance sheet date totals \$2.5m. The carrying value of the secured bank loan is approximately the fair value of this loan.

(a) Terms and conditions relating to the above financial instruments

Bills of exchange have maturities ranging from 1 month to 3 months with effective interest rates of 3.84% to 8.15%.

(b) Nature of security provided

Security is provided by fixed and floating charges over all of the assets and undertaking of the companies within the Group, with all companies providing cross guarantees.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current					
<i>Floating Charge</i>					
Cash and cash equivalents	8	3,576	2,660	1	45
Receivables	9	2,454	4,935	3,959	4,092
Total current assets pledged as security		<u>6,030</u>	<u>7,595</u>	<u>3,960</u>	<u>4,137</u>
Non-current					
<i>First Mortgage</i>					
Investment properties	17	5,870	11,020	-	-
<i>Floating charge</i>					
Biological assets	13	66	89	-	-
Available-for-sale assets	16	162	129	162	129
Plant and equipment	15	119	245	-	-
Receivables	12	3,910	3,892	-	-
Total non-current assets pledged as security		<u>10,127</u>	<u>15,375</u>	<u>162</u>	<u>129</u>
Total assets pledged as security		<u>16,157</u>	<u>22,970</u>	<u>4,122</u>	<u>4,266</u>

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

22. CONTRIBUTED EQUITY

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Issued and paid up capital				
Ordinary shares fully paid	8,588	8,588	8,588	8,588

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	2009		2008	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of financial year	52,032,769	8,588	56,828,965	9,682
Issued during the year	-	-	100,000	20
Cancelled pursuant to buy-back	-	-	(4,896,196)	(1,112)
Transaction costs	-	-	-	(2)
End of the financial year	52,032,769	8,588	52,032,769	8,588

(c) Capital management

Capital consists of share capital and borrowings of \$11.197m (2008: \$9.595m).

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. Presently, management is in the process of monetising the assets of the company. In the absence of appropriate investment opportunities, these funds may be used for either:

- reduction of debt;
- reduction of existing capital i.e. share buy-back (the existing share buy-back remains open);
- return of capital to shareholders i.e. payment of a dividend to take advantage of any available franking credits (currently approximately \$86,000).

Management has no current plans to issue further shares on the market.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

22. CONTRIBUTED EQUITY (continued)

Management monitor capital through the gearing ratio (net debt/total capital). The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated		Parent	
	2009 \$000's	2008 \$000's	2009 \$000's	2008 \$000's
Total borrowings	2,609	2,866	1,007	839
Less cash and cash equivalents	(3,576)	(2,660)	(1)	(45)
Net debt	(967)	206	1,006	794
Total equity	15,881	18,425	4,842	4,900
Total capital	14,914	18,631	5,848	5,694
Gearing Ratio	(6.5%)	1.1%	17.2%	13.9%

The Group is not subject to any externally imposed capital requirements.

23. LOANS

Loans relates to vendor finance facilities offered as part of the settlement of Toocalup and Myamba. The terms of the settlement are:

- \$500,000 to be received on 10 January 2009, being the settlement date. This amount was paid on settlement.
- \$500,000 to be received on or before 31 October 2009. The amount is included in Current Assets – Loan receivable. Interest is being compounded monthly in arrears at 0.5% above the National Australia Bank's advertised Farmers Choice Variable Rate (currently 7.48%). A first mortgage over the property has been taken by the Group as security for the loan. A payment of \$286,000 was received in June 2009 with the balance, including accrued interest, shown as current loan receivable.
- \$1,600,000 to be received on or before 10 January 2010. The loan is interest free for 12 months following settlement date after which, interest will be charged at 0.5% above the National Australia Bank's advertised Farmers Choice Variable Rate compounded monthly (currently 7.48%). A first mortgage over the property has been taken by the Group as security for the loan.
- \$1,100,000 to be received on or before 10 January 2011. This loan is interest free for 12 months following settlement date after which, interest will be charged at 0.5% above the National Australia Bank's advertised Farmers Choice Variable Rate compounded monthly (currently 7.48%). The interest charge is due and payable on a monthly basis. A first mortgage over the property has been taken by the Group as security for the loan.

In addition, a \$100,000 interest only loan has been granted to one of the Group's employees, Dennis Wedding. The terms of the loan is as follows:

- Initial loan amount is \$100,000
- Principal repayable on 20 February 2014 or such earlier date in the case if the employee is terminated or leaves the Group.
- Interest is payable monthly in arrears at the National Australia Bank's Business Mortgage Variable Rate (Currently 7.18%).
- A second mortgage has been taken by the group as security for the loan. The carrying amount of the mortgage is \$100,000.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

24. CASH FLOW STATEMENT RECONCILIATION

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The fair value of cash and cash equivalents is \$3,576,243 (2008: \$2,659,802).				
Reconciliation from the net profit after tax to the net cash flows from operations				
Net profit/(loss)	(2,657)	(379)	(169)	(422)
<i>Adjustments for</i>				
Depreciation	44	44	-	-
Doubtful debts/bad debts written off	(2,136)	(148)	-	-
Unearned income	(199)	6	-	-
Property, plant and equipment written off	88	-	-	-
Fair value increase in available-for-sale investments	81	-	81	-
Issue of shares to Scott Wallace	-	20	-	20
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in receivables and other debtors	3,574	1,560	-	2
Increase/(decrease) in tax liabilities	(888)	(1,162)	(261)	(1,119)
(Increase)/decrease in other assets	881	(749)	(4)	388
Increase/(decrease) in accounts payable	(189)	58	(46)	18
Increase/(decrease) in employee entitlements	1	(6)	-	-
Increase/(decrease) in unearned lease fee income	186	(67)	-	-
Net cash (used in)/from operating activities	(1,214)	(823)	(399)	(1,113)

25. CONTINGENT LIABILITIES

A company in the consolidated entity, Australian Growth Finance Limited ("AGFL"), has, in return for the payment of an indemnity fee by the company, agreed to indemnify those growers who took out loans with AGFL in relation to Plantation Forestry Hardwood Project # 1, for any shortfall that may be suffered in relation to the balance of the grower's loan at harvest as compared with the grower's net harvest proceeds. No loss has been incurred to date. An impairment allowance of \$333,000 has been recognised based on current harvest projections. The maximum exposure upon harvest in 2014 and 2015 is \$4,243,000.

The Group has issued a guarantee (\$50,000) to ASIC in relation to the financial services license issued to an unrelated party. No liability is expected to arise.

The directors are not aware of any other matter or circumstance not otherwise dealt with in the report or consolidated financials statements that has significantly or may significantly affect the operations of the consolidated entity.

26. CONTINGENT ASSET

The directors had previously identified a potential claim in relation to rectification costs and damages as a result of a forestry contractor failing to complete contracted works. The solicitors acting on behalf of the Group have advised that, due to lack of evidence to support the Group's case, the action will not be successful and the matter should be closed. The Group has acted on this advice and no further action will now be taken.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

27. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after balance sheet date.

28. AUDITOR REMUNERATION

The auditor of RuralAus Investments Limited is Ernst & Young

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:				
An audit or review of the financial report of the entity and any other entity in the consolidated entity	59,100	65,780	13,887	2,750
	<u>59,100</u>	<u>65,780</u>	<u>13,887</u>	<u>2,750</u>

29. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	568,378	555,934	568,378	555,934
Post-employment benefits	61,837	38,791	61,837	38,791
Share based payment	-	20,000	-	20,000
	<u>630,215</u>	<u>614,725</u>	<u>630,215</u>	<u>614,725</u>

(b) Option holdings of Key Management Personnel (Consolidated)

There are no option holdings for the Group.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

29. KEY MANAGEMENT PERSONNEL cont...

(c) Shareholdings of Key Management Personnel (Consolidated)

30 June 2009	Beginning of Period	Granted as remuneration	Options exercised	Net Change Other	End of Period
Directors					
George Gear	3,425,000	-	-	-	3,425,000
Ian Olson	643,017	-	-	-	643,017
Peter Wallace	700,000	-	-	-	700,000
Paul McKenzie	250,000	-	-	-	250,000
Fred Woollard	10,326,761	-	-	1,332,711	11,659,472
Executives					
Peter Kinnear	3,375,000	-	-	-	3,375,000
Scott Wallace	100,000	-	-	-	100,000
	18,819,778	-	-	1,332,711	20,152,489
30 June 2008					
Directors					
George Gear	3,425,000	-	-	-	3,425,000
Ian Olson	642,957	-	-	60	643,017
Peter Wallace	3,737,500	-	-	(3,037,500)	700,000
Paul McKenzie	250,000	-	-	-	250,000
Fred Woollard	5,564,396	-	-	4,762,365	10,326,761
Executives					
Peter Kinnear	3,375,000	-	-	-	3,375,000
Scott Wallace	-	100,000*	-	-	100,000
	16,994,853	100,000	-	1,724,925	18,819,778

*During the financial year ended 30 June 2008, Mr Scott Wallace was granted 100,000 shares (Fair value: \$20,000) in RuralAus Investments Limited. The granting of these shares was approved by shareholders at the Annual General Meeting of the company held in November 2007 and the value was based on the average price of RuralAus Investments Limited shares on the date the shares were granted to Mr Wallace.

(d) Other transactions with directors and executives

Services

There were no other transactions with directors or executives during the year.

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

30. RELATED PARTY DISCLOSURES

(a) Ultimate parent

The ultimate parent entity is RuralAus Investments Limited, a publicly listed company domiciled and incorporated in Australia.

(b) Subsidiaries

The consolidated financial statements include the financials statements of RuralAus Investments Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity	
		2009%	2008%
APR Unit Trust	Australia	100	100
RuralAus Plantation Management Pty Ltd	Australia	100	100
Australian Growth Finance Limited	Australia	100	100
Australian Growth Landholdings Limited	Australia	100	100

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 29.

(d) Transactions with related parties

Transactions between RuralAus Investments Limited and other entities in the wholly owned group during the period consisted of:

- (a) loans advanced by RuralAus Investments Limited
- (b) loans advanced to RuralAus Investments Limited

Loans provided by the company to wholly owned entities are made on an interest free basis and are repayable on demand.

All inter-entity transactions and balances are eliminated in the consolidated financial statements.

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(e) Amounts receivable from and payable to entities in the wholly-owned group and other related parties				
Aggregate amounts receivable at balance date from:				
Receivables – current controlled entities	-	-	3,950	4,066
	-	-	3,950	4,066
Aggregate amounts payable at balance date to:				
Accounts payable – current controlled entities	-	-	993	753
	-	-	993	753

Notes to the Financial Statements cont...

FOR THE YEAR ENDED 30 JUNE 2009

31. COMMITMENTS

(a) Leasing commitments

Operating lease commitments – Group as lessee

The Group has entered into commercial property leases for three properties at Bremer Bay. These leases have remaining terms of between 2 and 5 years.

Future minimum rentals payable under these leases as at 30 June 2009 are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	229	-	-	-
After one year but not more than five years	1,069	-	-	-
After more than five years	109	-	-	-
Total minimum lease payments	1,407	-	-	-

Operating lease commitments receivable – Group as lessor

The Group has entered into commercial property leases on its investment properties in relation to growers under the five managed investment schemes that the Group manages.

These leases have remaining terms of between 4 and 17 years.

Future minimum rentals receivable under these operating leases as at 30 June 2009 are as follows:

Within one year	321	315	-	-
After one year but not more than five years	1,435	1,384	-	-
After more than five years	1,263	1,634	-	-
Total minimum lease payments	3,019	3,333	-	-