

Great Southern 2008 Forestry Land Trust

ARSN 128 112 443

Financial Statements

For the Half Year Ended 31 December 2009

Great Southern 2008 Forestry Land Trust

For the Half Year Ended 31 December 2009

DIRECTORY

Registered Office:	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity:	Rural Funds Management Limited ABN 65 077 492 838 Level 2, 2 King Street DEAKIN ACT 2600
Directors:	David A Bryant Andrea J Lemmon Stuart D Waight
Company Secretary:	Stuart D Waight
Auditors:	Ernst & Young 11 Mounts Bay Road PERTH WA 6000
Custodian:	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000

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Great Southern 2008 Forestry Land Trust

Directors of the Responsible Entity's Report

31 December 2009

The Directors of Rural Funds Management ("RFM"), Responsible Entity for the Great Southern 2008 Forestry Land Trust ("FLT" or the "Trust"), present their report on the trust for the financial half year ended 31 December 2009.

Directors

The names of the Directors in office at any time during, or since the end of, the half year are:

Names

David Bryant

Andrea Lemmon

Stuart Waight

Review of Results and Operations

Operating Results

The loss attributable to unitholders of FLT after providing for income tax amounted to \$67,820 (2008:\$44,649). The FLT's only source of operating revenue is interest received on cash at bank and any revaluation increments recorded as income. Expenditure includes fund operating costs such as audit, compliance and professional services.

By way of background, all of the FLT's 22,884 units were issued during 2009 based on subscriptions of \$11,442,000. The Trust applied these funds to purchase 23 properties in Western Australia, South Australia, Victoria and Tasmania for a total consideration of \$10,113,465 including acquisition costs and the balance was held in cash. These properties were leased to Great Southern Managers Australia Limited (Receivers & Managers Appointed) (In Liquidation) (GSMAL), the responsible entity of the 2008 Renewable Fibre Project (Tree Project).

The collapse of GSMAL, although having significant long term ramifications for the FLT, had little impact on the income earned in the period. The structure of the leases were such that rental income was not earned until the harvest of the forestry projects commencing in excess of ten years from the date of these accounts. The collapse of GSMAL and the anticipated default under the leases did increase professional services expenditure as RFM explores options going forward.

The Trust is classified as an investment trust for taxation purposes and as such income tax is not recognised by the Trust and distributions are taxed at the investor level subject to certain conditions.

The fair value of the properties and the measurement of the valuation decrement were based on a Directors' valuation of the encumbered properties using a discounted cash flow.

Previously investors were informed that property transfers had not been completed pending resolution of stamp duty with the respective state authorities. The stamp duty assessments have now been issued, with all but the Western Australian office deciding to levy on the higher unencumbered valuations. Stamp duty has now been paid in full, however objections will be lodged for those states levying the higher amounts.

Great Southern 2008 Forestry Land Trust

Directors of the Responsible Entity's Report

31 December 2009

Review of Results and Operations (continued)

Operating Results (continued)

A summary of the properties purchased is presented in the following table:

Property Name	State	Land Area (ha)	Actual Area Planted (ha)
Fahey	VIC	57.9	-
Woolcock	VIC	99.9	-
Hennig	VIC	91.3	-
Henry	VIC	121.10	-
Finlay	VIC	93.9	-
Riverleas	SA	579.8	-
Riggs	SA	846.9	-
Talara	SA	1,131.0	-
Bennys	SA	519.8	-
Dondy Downs	WA	455.6	305.8
Matilda	WA	420.5	90.7
Oriole	WA	538.1	280.8
Crystal Brook	WA	219.1	190.3
Kathleen	WA	306.3	239.5
Kent River	WA	448.9	233.4
McGregor 2	WA	438.0	332.8
Ridgeway	WA	1,057.0	577.4
Shepherd	WA	463.0	303.3
Shepherd 2	WA	344.8	224.4
Woodbridge 1	WA	316.2	26.6
Woodbridge 2	WA	95.3	49.4
Lake Unicup	WA	516.3	269.3
Nabowla	TAS	142.2	42.0
Total		9,303.0	3,165.7

Distributions

There have been no distributions paid or declared during the half year ended 31 December 2009.

Great Southern 2008 Forestry Land Trust

Directors of the Responsible Entity's Report

31 December 2009

Fees paid to and interest held by the Responsible Entity and associates

The following fees were paid to RFM and its associates out of Trust property during the half year ended 31 December 2009:

- Management fee for the financial half year paid to RFM \$24,623 (2008: \$36,794)
- Land sourcing management fee for the financial half year paid to RFM \$Nil (2008: \$326,630)

RFM and its associates do not hold any interest in the Trust at 31 December 2009.

Unit Prices

There have been no unit prices or investor returns published in the half year to 31 December 2009.

Units on issue

22,884 units of FLT were on issue at 31 December 2009.

Trust assets

At 31 December 2009, FLT held assets to a total value of \$7,146,932 (June 2009: \$7,234,537).

After balance date events

GSMAL's receivers, McGrathNicol, have applied to windup the Tree Project and as such RFM has issued default notices under the leases. It is expected that the properties will become unencumbered from the leases. On termination, RFM will consider its rights of recourse under the leases.

Likely developments and expected results

RFM has been assessing options for the assets and the Trust going forward. An independent experts' report was received in February 2010 and this assessed the viability of each property from a forestry perspective. RFM is currently assessing this report and undertaking financial modelling to determine the highest economic use for each property.

It is expected that the fund will continue to incur small operating losses until most of the properties are transitioned to a new operating plan.

Environmental regulation and performance

The operations of the Trust are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

Indemnification of the Responsible Entity and Custodian

In accordance with the constitution of FLT, the Trust indemnifies the Directors, Company Secretary and all other officers of the Responsible Entity and Custodian, when acting in those capacities, against costs and expenses in defending certain proceedings.

Great Southern 2008 Forestry Land Trust

Directors of the Responsible Entity's Report

31 December 2009

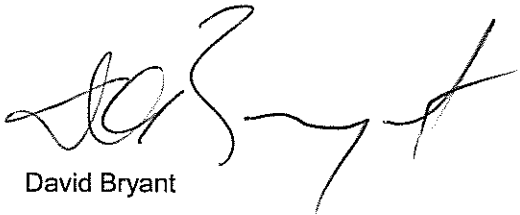
Indemnification of the Responsible Entity and Custodian (continued)

FLT has not otherwise, during or since the financial half year, indemnified or agreed to indemnify an officer of the Trust or of any related body corporate against a liability incurred as such by an officer.

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of the Great Southern 2008 Forestry Land Trust, Ernst & Young, and can be found on page 16 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a faint, illegible stamp or watermark.

David Bryant

Dated this 12th day of March 2010

To the unitholders of Great Southern 2008 Forestry Land Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Great Southern 2008 Forestry Land Trust, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, net assets attributable to unit holders and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2009 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 Great Southern 2008 Forestry Land Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical 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 us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

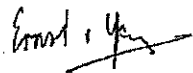
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Great Southern 2008 Forestry Land Trust is not in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth
12 March 2010

Great Southern 2008 Forestry Land Trust

Directors of the Responsible Entity's Declaration

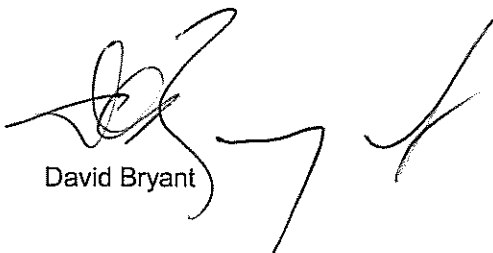
In accordance with a resolution of the Directors of the Responsible Entity for the Great Southern 2008 Forestry Land Trust;

In the opinion of the Directors;

- (a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB134: Interim Financial Reporting and the Corporations Regulations 2001.

- (b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the board



David Bryant

Dated 12 March 2010

Great Southern 2008 Forestry Land Trust

Statement of Comprehensive Income

For the Half Year Ended 31 December 2009

	31 December 2009	31 December 2008
	\$	\$
Interest received	26,825	318,841
Increment on investment property at fair value	44,466	-
Management fees	(24,623)	(36,794)
Local government rates and charges	(31,359)	-
Other fees	-	(326,630)
Professional services	(74,880)	-
Bank fees and charges	(1,163)	(66)
Finance costs	(60)	-
Other expenses	(7,026)	-
Loss before income tax	(67,820)	(44,649)
Income tax expense	-	-
Loss after income tax	(67,820)	(44,649)
Other comprehensive income	-	-
Total comprehensive income for the period, representing change in net assets attributable to unitholders	(67,820)	(44,649)

The accompanying notes form part of these financial statements

Great Southern 2008 Forestry Land Trust

Statement of Financial Position

31 December 2009

	31 December 2009	30 June 2009
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,782,601	1,889,271
Trade and other receivables	13,236	2,298
Prepayments	8,127	-
Total current assets	1,803,964	1,891,569
Non-current assets		
Investment property	3 5,342,968	5,342,968
Total non-current assets	5,342,968	5,342,968
TOTAL ASSETS	7,146,932	7,234,537
LIABILITIES		
Current liabilities		
Trade and other payables	679,990	699,776
Total current liabilities	679,990	699,776
TOTAL LIABILITIES (excluding net assets attributable to unitholders)	679,990	699,775
Net assets attributable to unitholders	6,466,942	6,534,762
TOTAL LIABILITIES	7,146,932	7,234,538

The accompanying notes form part of these financial statements

Great Southern 2008 Forestry Land Trust

Statement of Changes in Net Assets Attributable to Unitholders

For the Half Year Ended 31 December 2009

31 December 2009	Issued units	Retained Earnings	Net Assets Attributable to Unitholders
	\$	\$	\$
Balance at 1 July 2008	11,442,000	(4,907,238)	6,534,762
Net (loss) attributable to unitholders	-	(67,820)	(67,820)
Balance at 31 December 2009	11,442,000	(4,975,058)	6,466,942

31 December 2008	Issued units	Retained Earnings	Net Assets Attributable to Unitholders
	\$	\$	\$
Balance at 1 July 2008	-	1,946	1,946
Units issued during the period	11,442,000	-	11,442,000
Net (loss) attributable to unitholders	-	(44,649)	(44,649)
Balance at 31 December 2008	11,442,000	(42,703)	11,399,297

The accompanying notes form part of these financial statements

Great Southern 2008 Forestry Land Trust

Statement of Cash Flows

For the Half Year Ended 31 December 2009

	31 December 2009	31 December 2008
	\$	\$
Cash from operating activities:		
Receipts from customers	-	2,375
Payments to suppliers and employees	(133,495)	(66)
Interest received	26,825	318,841
Net cash provided by (used in) operating activities	(106,670)	321,150
Cash flows from financing activities:		
Subscriptions received	-	4,576,459
Net cash provided by (used in) financing activities	-	4,576,459
Net increase (decreases) in cash held	(106,670)	4,897,609
Cash at beginning of financial period	1,889,271	6,869,179
Cash at end of financial period	1,782,601	11,766,788

The accompanying notes form part of these financial statements

Great Southern 2008 Forestry Land Trust

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

1 Summary of Significant Accounting Policies

General Information

The financial report of FLT for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 12 March 2010.

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

It is recommended that the half yearly financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by FLT during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(b) Statement of Compliance

The financial report of FLT complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

(c) Change in Accounting Policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report.

Accounting standards and interpretations that are applicable to the next annual financial statements of the trust have been applied in this condensed financial report. These standards and interpretations have resulted in a change in the presentation of the financial statements, but have not resulted in changes to accounting policies.

(d) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;

Great Southern 2008 Forestry Land Trust

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

1 Summary of Significant Accounting Policies (continued)

(d) Terms and conditions on units (continued)

- attend and vote at meetings of unitholders: and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(e) Income Tax

Under current legislation, the entity is not subject to income tax provided the distributable income is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the taxable income of the Trust).

(f) Distributions

Distributions are made in accordance with the Trust's Constitution. The Responsible Entity of the Trust has the discretion to distribute both income and capital.

2 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.

Further details for the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Basis of valuations

A Director's valuation model is used to convert external valuations of the investment properties by an independent valuer on an unencumbered basis to an encumbered basis. Assumptions included in this model are price and cost appreciation rates, discount rate and various forestry productivity variables. Refer to Note 3 for further details.

Great Southern 2008 Forestry Land Trust

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

3 Investment Property (Fair value model)

	31 December 2009	30 June 2009
	\$	\$
Purchase of investment property	5,342,968	10,113,465
Increment/(decrement) recognised in income	44,466	(4,770,497)
Reduction of stamp duty capitalised	(44,466)	-
Balance at period end	5,342,968	5,342,968

The fair value model is applied to all investment property. Investment properties are independently valued annually. Values are based on an active liquid market and are performed by a registered independent valuer. An independent valuation was performed by CB Richard Ellis for the assets held at 30 June 2009. The revaluations involved analysis of recent market transactions for land within similar regions and assumed the properties were unencumbered. A Director's valuation model is used to convert the values to an encumbered basis. The main assumptions used are presented in the following table:

Assumption	Value
Average real land price appreciation	1.35%
CPI	2.75%
Discount rate (nominal)	13.50%
Harvest year	12
Year available to sell	13
Remediation costs	\$1,300 / ha
Average harvest proceeds	\$7,211/ ha
Harvest proceeds appreciation	2.50%
Land Trust share of harvest proceeds	7.50%

The valuation also assumes that areas that are unplanted at 31 December 2009 will not receive any harvest proceeds for the purposes of the encumbered valuation at 31 December 2009.

4 Contingent liabilities

There are no known contingent liabilities of a material nature as at 31 December 2009.

5 Capital commitments

There are no significant capital items that have been contracted or committed for as at 31 December 2009 or subsequent to this date.

Great Southern 2008 Forestry Land Trust

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

6 Issued units

	31 December 2009	30 June 2009
	No.	No.
Units on issue at the beginning of the financial period	22,884	-
Units issued during the financial period	-	22,884
At reporting date	22,884	22,884

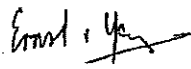
The terms and conditions attached to units in the Trust can be found at Note 1(d).

7 Events after Balance Sheet Date

GSMAL's receivers, McGrathNicol, have applied to windup the Tree Project and as such RFM has issued default notices under the leases. It is expected that the properties will become unencumbered from the leases. On termination, RFM will consider its rights of recourse under the leases.

Auditor's Independence Declaration to the members of Great Southern 2008 Forestry Land Trust

In relation to our review of the half year financial report of Great Southern 2008 Forestry Land Trust for the half year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
12 March 2010