ANNUAL FINANCIAL REPORT

30 JUNE 2011

Directory

Responsible Entity:
Abacus Funds Management Limited
ABN 66 007 415 590
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors of Responsible Entity:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Malcolm Irving
Myra Salkinder

Company Secretary:
Ellis Varejes

Custodian:
Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor:
Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Compliance Plan Auditor:
Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Share Registry:
Boardroom Pty Ltd
Level 7, 207 Kent Street
SYDNEY NSW 2000
Tel: 1300 737 760
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Contents

DIRECTORS' REPORT

30 JUNE 2011

The Directors of Abacus Funds Management Limited ("AFML"), the Responsible Entity of the Abacus Wodonga Land Fund ("AWLF" or the "Fund") submit their report for the Trust for the year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

The Directors of the Responsible Entity in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
David Bastian	Non-executive Director
Dennis Bluth	Non-executive Director (retired 12 November 2010)
Malcolm Irving	Non-executive Director
Len Lloyd	Executive Director (retired 12 November 2010)
Myra Salkinder	Non-executive Director (appointed 12 April 2011)

PRINCIPAL ACTIVITIES

The Fund operates in Australia and derives income from the investment in a residential land development in Wodonga, Victoria and cattle breeding.

FUND STRUCTURE

AWLF is an Australian registered managed investment scheme. Abacus Funds Management Limited ("AFML"), the Responsible Entity of AWLF, is incorporated and domiciled in Australia and is a wholly owned subsidiary of Abacus Group Holdings Limited ("AGHL").

The registered office and principal place of business of AGHL and AFML is located at Level 34, 264-278 George Street, Sydney, NSW, 2000.

REVIEW AND RESULTS OF OPERATIONS

The Fund incurred a net loss attributable to unitholders of $10.5 million for the year ended 30 June 2011 (June 2010: $2.7 million loss).

Income from the sales of land during the period was $4.7 million for 52 residential lots (June 2010: $8.8m for 102 lots). A review of carrying value to reflect the slower than expected sales in the capital constrained economic climate resulted in an impairment charge of $9.1 million against the carrying value of the Fund's inventory of land at Wodonga.

DISTRIBUTIONS

There were no cash distributions paid or provided for during the period.

DIRECTORS' REPORT

30 JUNE 2011

UNITS ON ISSUE

As at 30 June 2011 there were 57,037,037 units (2010: 57,037,037 units) in the Fund on issue.

FEES PAID TO RESPONSIBLE ENTITY AND ASSOCIATES

The Fund paid a management fee out of scheme property to the Responsible Entity of $0.28 million for the year ended 30 June 2011 (2010:$0.46 million). In addition, the Fund paid accounting fees of $0.04million to the Responsible Entity for the year ended 30 June 2011 (2010:$0.04 million).

FUNDS ASSETS

At 30 June 2011 the Fund held assets to a total value of $50.0 million (2010: $58.3 million). The basis for valuation of the assets is disclosed in Note 2 to the financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Fund which may affect the Fund's operations or results or its state of affairs, that have not been disclosed in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than as disclosed in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial period that has or may affect the Fund's operations in future financial periods, the results of those operations or the Fund's state of affairs in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Fund will continue to pursue strategies that seek to improve profitability and market share of its activities during the coming year. In the opinion of the Directors, disclosure of any further information on future developments and results than is already disclosed in this report or the financial statements would be unreasonably prejudicial to the interests of the Fund.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Fund is subject to significant environmental regulation in respect of its property activities. Adequate systems are in place for the management of the Fund's environmental responsibilities and compliance with the various licence requirements and regulations. No material breaches of requirements or any environmental issues have been identified during the year

AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 5.

DIRECTORS' REPORT

30 JUNE 2011

REVIEW AND RESULTS OF OPERATIONS (continued)

ROUNDING

The amounts contained in this report and in the annual financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Fund under ASIC Class Order 98/100. The Fund is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.
Abacus Funds Management Limited (ABN 66 007 415 590)

John Thame
Chairman

Frank Wolf
Managing Director

Sydney, 15 September 2011

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Auditor's Independence Declaration to the Directors of Abacus Funds Management Limited, the Responsible Entity of Abacus Wodonga Land Fund

In relation to our audit of the financial report of Abacus Wodonga Land Fund for the financial year ended 30 June 2011, 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.

Ernst & Young

Ernst & Young

K. Zdrilic

K. Zdrilic
Partner
15 September 2011

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
REVENUE			
Sale of Land		4,682	8,801
Sale of Livestock		21	39
Interest received		134	379
Other Income		-	343
Total Revenue and Other Income		**4,837**	**9,562**
Expenses from cattle breeding activities	5a	(103)	(185)
Expenses from land subdivision activities	5b	(6,664)	(9,719)
Impairment of inventory		(9,100)	-
Net changes in fair value of derivatives		504	(132)
PROFIT / (LOSS) BEFORE TAX		**(10,526)**	**(474)**
Income tax benefit/(expense)	10a	-	(2,250)
NET LOSS / COMPREHENSIVE LOSS FOR THE YEAR		**(10,526)**	**(2,724)**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	1,007	1,417
Trade and other receivables	7	207	2,076
Cattle breeding activities	8a	78	78
Inventories	9a	6,578	13,111
TOTAL CURRENT ASSETS		**7,870**	**16,682**
NON-CURRENT ASSETS			
Inventories	9b	42,124	41,587
Cattle breeding activities	8b	22	42
Deferred tax assets	10c	-	-
TOTAL NON-CURRENT ASSETS		**42,146**	**41,629**
TOTAL ASSETS		**50,016**	**58,311**
CURRENT LIABILITIES			
Trade and other payables	11	443	311
Interest-bearing loans and borrowings	12a	14,724	-
TOTAL CURRENT LIABILITIES		**15,167**	**311**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12b	31,798	43,919
Derivatives at fair value		1,692	2,196
TOTAL NON-CURRENT LIABILITIES		**33,490**	**46,115**
TOTAL LIABILITIES		**48,657**	**46,426**
NET ASSETS		**1,359**	**11,885**
EQUITY			
Contributed equity	14	19,348	19,348
Accumulated losses		(17,989)	(7,463)
TOTAL EQUITY		**1,359**	**11,885**

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2011

	Issued capital $'000	Retained earnings $'000	Total Equity $'000
At 1 July 2010	**19,348**	**(7,463)**	**11,885**
Net loss for the year	-	(10,526)	(10,526)
Total comprehensive expense for the year	**-**	**(10,526)**	**(10,526)**
At 30 June 2011	**19,348**	**(17,989)**	**1,359**

	Issued capital $'000	Retained earnings $'000	Total Equity $'000
At 1 July 2009	**9,348**	**(4,739)**	**4,609**
Net loss for the year	-	(2,724)	(2,724)
Total comprehensive expense for the year	**-**	**(2,724)**	**(2,724)**
Equity issued	10,000	-	10,000
At 30 June 2010	**19,348**	**(7,463)**	**11,885**

STATEMENT OF CASH FLOW
YEAR ENDED 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income receipts		6,432	9,498
Interest received		134	379
Operating payments		(6,663)	(9,053)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	6	**(97)**	**824**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for inventories		(2,915)	(3,272)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2,915)**	**(3,272)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		-	10,000
Proceeds from borrowings		4,762	10,217
Repayments of borrowings		(2,160)	(17,869)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**2,602**	**2,348**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(410)	(100)
Cash and cash equivalents at beginning of year		1,417	1,517
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**1,007**	**1,417**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

1. CORPORATE INFORMATION

The financial report of the Fund for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors of AFML on 15 September 2011.

The Fund is a registered managed investment scheme.

The nature of the operations and principal activities of the Fund are described in the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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. The financial report has also been prepared on a historical cost basis, except for inventory which has been measured at the lower of cost and net realisable value and derivative financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are covered by interest rate swap arrangements, are adjusted to record changes in the fair values attributable to the risks that are being covered by derivative financial instruments.

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 Fund under ASIC Class Order 98/100. The Fund is an entity to which the class order applies.

Net current asset deficiency

At 30 June 2011, the Fund has a net current asset deficiency of $7.3 million. Abacus Property Group ("APG") has provided a letter indicating that it intends to finance the Fund for twelve months from the date of siging the financial statements to the extent necessary to ensure the Fund will be able to meet its liabilities as and when the liabilities fall due within the next 12 months.

(b) Statement of Compliance

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

(c) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Fund has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Fund.

- AASB 2009–5 Amendments to Australian Accounting Standards arising from the annual improvements project (AASB 117, AASB 101, AASB 107, AASB 118, AASB 136, and AASB 139)
- AASB 2010–3 Amendments to Australian Accounting Standards arising from the annual improvements project (AASB 3)
- AASB 2009–8 Amendments to Australian Accounting Standards – Trust Cash – settled Share-based Payment Transactions (AASB 2)
- AASB 2009–10 Amendments to Australian Accounting Standards - Classification of Rights Issues (AASB 2)

The Fund has not elected to early adopt any new standards or amendments

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ended 30 June 2011. These are outlined in the table below.

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 124 Related Party Disclosures	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the definitions to clarify the disclosure requirements.	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments	1 July 2013	The Fund is required to report under the Tier 1 requirement as a for-profit entity in the private sector that does not have public accountability.	1 July 2013
AASB 2010-5	This standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	This revision will have no significant impact on the Fund's financial statements.	1 July 2012

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2010-6	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review transactions involving the transfer of assets to determine whether disclosure is required.	1 July 2011
AASB 2010-7	The requirement for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value option is used for financial liabilities the change in fair value is accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the revision to clarify the disclosure requirements.	1 July 2013
AASB 2009-12	The amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party.	1 January 2011	The revision will not have a significant impact on the Fund's financial statements. The Fund will review the revision to clarify the disclosure requirements.	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 9 - Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading on other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	Under the standard, a financial asset is measured at amortised cost if both of the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All other assets are measured at fair value through the profit and loss. Further, at the date of transition, those loans whose cash flows are not solely predicated on the repayments of principal and interest are not required to be reclassified as fair value financial assets unless there is a change in the Fund's business model for managing these financial assets. Where there is a change in business model (e.g. closure of the business line) then the reclassification from amortised cost to fair value applies prospectively from the reclassification date and there is no restatement of any previously recognised gains, losses or interest. The tests above with respect to any potential reclassification of financial assets with variable cash flows will depend on the facts applicable at transition date and cannot be reasonably estimated at this time. The Fund will review the classification of its existing financial assets in line with the standard, such as related party loans.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
IFRS 10 – Consolidated Financial Statements	IFRS 10 determines the basis upon which (a) an investor consolidates an investee entity and (b) the presentation and disclosure requirements for consolidated financial reporting. Per IFRS 10 an investor controls an investee entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing control the following three elements have to be present: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The standard sets out more expansive criteria for the consolidation and deconsolidation of entities at each reporting period. Facts and circumstances that will need to be considered when conducting periodic testing for consolidation include: - the purpose and design of the entity; - voting rights (both existing and potential and their substantive power); - contractual rights; - scope and nature of key decision making rights; - size and nature of co-investment stakes; - nature and variability of economic returns; - subordinated and guaranteed interests.	1 January 2013	As regards the presentation and disclosure of consolidated financial statements, the new standard does not materially change nor affect the Fund's existing accounting policies.	1 July 2013
IFRS 12 Disclosure of interests in other entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The standard will result in increased disclosures on the Fund's interests in its investments.	1 July 2013

**designates the beginning of the applicable annual reporting period*

AASB 2009-14, AASB 2010-2, AASB 2010-8, AASB 1054, IFRS 11 and Interpretation 19 will have no application to the Fund.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Land

Revenue from the sale of residential, retail, commercial and industrial property developments is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and rebates. Revenue recognised in the income statement when the significant risks, rewards of ownership and effective control has been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return, or there is continuing managerial involvement to the degree usually associated with ownership. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Sale of Livestock

A biological asset is measured on initial recognition and at each reporting date at its fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably.

A gain or loss arising on a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of –sale costs of a biological asset shall be included in profit or loss for the period in which it arises.

Finance Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Expenses

Expenses including rates, taxes and other outgoings, are brought to account on an accrual basis and any related payables are carried at cost.

(f) 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 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.

(g) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at amortised cost, which in the case of the Fund, is the original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories

Development properties are stated at lower of cost and net realisable value. Cost includes the costs of acquisition, development and holding costs, such as borrowing costs, rates and taxes. Holding costs incurred after completion of development are expensed.

(i) Derivative financial instruments and hedging

The Fund uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

The fair values of interest rate swap are determined by reference to market values for similar instruments

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

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

Borrowings are classified as non-current liabilities where the Fund 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 unless they relate to a qualifying asset or to upfront borrowing establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility or five years whichever is shorter. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Fund for the acquisition or construction of a qualifying asset, the amount of the borrowing costs capitalised are those incurred in relation to the borrowing.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Fund. Units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

(m) Transfers to (from) total equity

In respect of the Fund, revaluation increments or decrements arising from changes in the fair value of derivative financial instruments, unrealised gains and losses in the net value of investments, accrued income not yet assessable and expenses provided for or accrued not yet deductible, net capital losses and tax free or tax deferred amounts maybe transferred to equity and may not be included in the determination of distributable income.

(n) Taxation

AWLF is an entity to which Division 6C of the Income Tax Assessment Act will apply and therefore the Fund is taxed as a company.

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. 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 assets are recognised for all deductible temporary differences, carry forward of unused tax assets 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 and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

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 differences associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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.

Goods and services tax (GST)

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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

3. FINANCIAL RISK MANAGEMENT

The risks arising from the use of the Fund's financial instruments are credit risk, liquidity risk and market risk (interest rate risk and price risk).

The Fund's financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Fund. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The main purpose of the financial instruments used by the Fund is to raise finance for the Fund's operations. The Fund has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Fund also enters into derivative transactions principally interest rate swaps. The purpose is to manage the interest rate exposure arising from the Fund's operations and its sources of finance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2 and 4 to the financial statements.

(a) Credit Risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's receivables from bonds, deposits on the subdivision of the land and derivative financial instruments.

Given the nature of the receivables, credit risk is considered low. Notwithstanding this, the receivable balances are monitored on an ongoing basis with the result that the Fund's exposure to bad debts is not significant.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding though an adequate and diverse amount of committed credit facilities, the ability to close out market positions and the flexibility to raise funds through the issue of new stapled securities.

The Fund's policy is to maintain an available loan facility with Abacus sufficient to meet expected operational expenses and to finance investment acquisitions for a period of 90 days, including the servicing of financial obligations. Current loan facilities are assessed and extended for a maximum period based on the Fund's expectations of future interest and market conditions.

As at 30 June 2011, the Fund had cash of $1.0 million which are adequate to cover short term funding requirements.

Further information regarding the Fund's debt profile is disclosed in Note 12.

(c) Refinancing Risk

Refinancing risk is the risk that unfavourable interest rate and credit market conditions result in an unacceptable increase in the Fund's credit margins and interest cost. Refinancing risk arises when the Fund is required to obtain debt to fund existing and new debt positions.

The Fund is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Fund manages this risk by spreading maturities of borrowings and interest rate swaps and reviewing potential transactions to understand the impact on the Fund's credit worthiness.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Fund's exposure to the risk of changes in market interest rates relates primarily to the Fund's long-term debt obligations with a floating interest rate.

The Fund's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Fund's aim is to keep between 60% and 100% of its borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the Fund enters into interest rate swaps, in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 30 June 2011, after taking into account the effect of interest rate swaps, 100% of the Fund's borrowings are subject to fixed rate agreements.

Fair value interest rate risk

As the Fund holds fixed rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 12 and it is acknowledged that this risk is a by-product of the Fund's attempt to manage its cash flow interest rate

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Fund's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Fund. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

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.

(ii) Significant accounting estimates and assumptions

Fair value of derivatives

The fair value of derivatives is determined using closing quoted market prices (where there is an active market) or a suitable pricing model based on discounted cash flow analysis using assumptions supported by observable market rates. Where the derivatives are not quoted in an active market their fair value has been determined using (where available) quoted market inputs and other data relevant to assessing the value of the financial instrument.

(iii) Net realisable value of inventory

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions that require the use of management judgement are reviewed half-yearly. If there is any material change in the carrying value of inventory, an impairment loss is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

5. EXPENSES

	2011 $'000	2010 $'000
(a) Expenses from cattle breeding activities:		
Stock of cattle on hand at beginning of the year	78	101
Supplies & feed	1	1
Management & site maintenance	76	106
Legal Costs	23	41
Selling expenses	3	14
Total cost of cattle breeding activities	181	263
Stock of cattle on hand at market selling value	(78)	(78)
Total expenses from cattle breeding activities	**103**	**185**
(b) Expenses from land subdivision activities		
Cost of land sold	5,530	8,283
Settlement costs	271	746
Sales and marketing	863	690
Total expenses from land subdivision activities	**6,664**	**9,719**

6. CASH AND CASH EQUIVALENTS

	2011 $'000	2010 $'000
Reconciliation to Cash Flow Statement		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2011:		
Cash at bank and in hand	**1,007**	**1,417**
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	(10,526)	(2,724)
Adjustments for:		
Net change in fair value of derivatives	(504)	132
Impairment of inventory	9,100	-
Decrease/(increase) in deferred taxes	-	2,250
Increase/(decrease) in payables	104	(381)
Decrease/(increase) in receivables and other assets	1,729	1,547
Net cash from operating activities	**(97)**	**824**

Disclosure of interest bearing loans and borrowings

Refer to note 12.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

7. TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
Goods and services tax	65	37
Bond and deposits	142	2,039
Total trade and other receivables	**207**	**2,076**

8. CATTLE BREEDING ACTIVITIES

	2011 $'000	2010 $'000
(a) Current assets		
Livestock on hand	78	78
Total current assets	**78**	**78**
(b) Non-current assets		
Fencing for stock	17	23
Motor vehicles	5	19
Total non-current assets	**22**	**42**
Total cattle breeding activities	**100**	**120**

9. INVENTORIES

	2011 $'000	2010 $'000
(a) Current		
Acquisition costs	1,172	2,980
Development costs	3,945	6,896
Other costs (includes finance costs, rates and taxes)	1,461	3,235
Total current inventories	**6,578**	**13,111**
(b) Non current		
Acquisition costs	20,432	19,485
Development costs	14,964	10,840
Other costs (includes finance costs, rates and taxes)	21,628	17,062
Less: Impairment	(14,900)	(5,800)
Total non-current inventories	**42,124**	**41,587**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

10. INCOME TAX

	2011 $'000	2010 $'000
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	2,250
Income tax expense / (benefit) reported in the income statement	**-**	**2,250**

(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Fund's applicable income tax rate is as follows:

	2011 $'000	2010 $'000
Accounting profit / (loss) of subject to income tax	(10,526)	(474)
At the Fund's statutory income tax rate of 30% (2010: 30%)	(3,158)	(142)
Derecognition of deferred tax assets	3,158	2,530
Other	-	(138)
Income tax expense / (benefit)	**-**	**2,250**

(c) Recognised deferred tax assets and liabilities

Deferred income tax at 30 June 2011 relates to the following:

	2011 $'000	2010 $'000
Deferred tax liabilities		
Inventory	(2,399)	(2,484)
Gross deferred income tax liabilities	**(2,399)**	**(2,484)**
Deferred tax assets		
Net changes in fair value of derivatives	508	659
Losses available for offset against future taxable income	1,891	1,825
Deferred income tax assets	**2,399**	**2,484**
Net deferred income tax assets/(liabilities)	**-**	**-**

Tax losses

The Fund has Australian tax losses of $25.0 million (2010: $14.5m tax losses) for which no deferred tax asset is recognised on the statement of financial position which are available indefinitely for offset against future income subject to continuing to meet relevant statutory tests.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

11. TRADE AND OTHER PAYABLES

	2011 $'000	2010 $'000
Trade creditors	414	272
Accrued expenses	29	39
Total trade and other payables	**443**	**311**

12. INTEREST BEARING LOANS AND BORROWINGS

	2011 $'000	2010 $'000
(a) Current		
Bank loans - NAB Mortgage	14,724	-
	14,724	**-**
(b) Non-current		
Bank loans - NAB Mortgage	-	11,439
Abacus Finance Pty Ltd	31,798	32,480
	31,798	**43,919**
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	14,724	-
Due between one and five years	31,798	43,919
	46,522	**43,919**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

The Fund maintains a range of interest-bearing loans and borrowings. The sources of funding are spread between two counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

i. Bank loans – provided by an Australian bank at interest rates that include both fixed and floating arrangements. The loans are denominated in Australian dollars and maturity date is 30 June 2012. The effective fixed interest rate of borrowings which are covered by fixed rate swaps was 10.05% at year end (2010: 9.55%), while interest on floating rate borrowings are paid quarterly based on existing swap and yield rates quoted on the rate reset date. The bank loans are secured by a charge over the investment properties at Lot 1 & 2, Corner Beechworth Road & Pearce Street, Wodonga VIC 3690 and 1 Windsor Drive, Wodonga VIC 3690.

ii. Variable rate loan of up to $35 million ($31.798 million drawn at 30 June 2011 (2010: $32.480 million)) provided by Abacus Finance Pty Ltd to provide working capital and interest cost funding to the Fund*. The interest rate on the borrowings was the greater of the 90 day Bank Bill rate plus 4% per annum or 14% per annum until 31 December 2009 and then reduced to 10% per annum thereafter. The average interest rate charged for the financial period was 10% per annum. The loan may be repaid at any time, but must be repaid by 31 May 2015.

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2011 $'000	2010 $'000
Total facilities		
Bank loans	17,000	11,439
Abacus Finance Pty Ltd *	35,000	32,480
Facilities used at reporting date		
Bank loans	(14,724)	(11,439)
Abacus Finance Pty Ltd	(31,798)	(32,480)
Facilities unused at reporting date	**5,478**	**-**

* increase in facility from $30 million to $35 million was approved on 7 July 2011.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

13. FINANCIAL INSTRUMENTS

(i) Credit Risk

Credit Risk Exposures

The Fund's maximum exposure to credit risk at the reporting date was:

	Carrying Amount 2011 $'000	Carrying Amount 2010 $'000
Receivables	142	2,039
Cash and cash equivalents	1,007	1,417
	1,149	3,456

The aging of the Fund's receivables at the reporting date was:

	2011		2010	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
not past due - trade receivables	142	-	2,039	-
past due 0-30 days	-	-	-	-
past due 31-120 days	-	-	-	-
more than one year	-	-	-	-
	142	-	2,039	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

13. FINANCIAL INSTRUMENTS (continued)

(ii) Liquidity Risk

The table below shows an analysis of the contractual maturities of key liabilities which forms part of the Fund's assessment of liquidity risk.

30-Jun-11	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	378	378	378	-	-
Interest bearing loans and borrowings including derivatives#	48,214	59,837	19,383	38,762	1,692
Total liabilities	**48,592**	**60,215**	**19,761**	**38,762**	**1,692**

Includes derivatives of a principal value of $17 million

30-Jun-10	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	274	274	274	-	-
Interest bearing loans and borrowings including derivatives#	46,115	58,800	4,464	52,264	2,072
Total liabilities	**46,389**	**59,074**	**4,738**	**52,264**	**2,072**

Includes derivatives of a principal value of $20 million

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

13. FINANCIAL INSTRUMENTS (continued)

(iii) Interest rate risk

The Fund's exposure to interest rate risk and the effective weighted average interest rates for each class of financial asset and financial liability are:

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Non interest bearing	Total
30-Jun-11	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash & cash equivalents	1,007	-	-	-	1,007
Receivables	-	-	-	207	207
Total financial assets	**1,007**	**-**	**-**	**207**	**1,214**
Weighted average interest rate	4.27%				
Financial liabilities					
Payables	-	-	-	443	443
Interest bearing loans & borrowings	-	14,724	31,798	-	46,522
Derivatives	-	-	-	1,692	1,692
Total financial liabilities	**-**	**14,724**	**31,798**	**2,135**	**48,657**
Weighted average interest rate		10.05%	10.00%		

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Non interest bearing	Total
30-Jun-10	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash & cash equivalents	1,417	-	-	-	1,417
Receivables	-	-	-	2,039	2,039
Total financial assets	**1,417**	**-**	**-**	**2,039**	**3,456**
Weighted average interest rate	3.73%				
Financial liabilities					
Payables	-	-	-	274	274
Interest bearing loans & borrowings	-	-	43,919	-	43,919
Derivatives	-	-	-	2,196	2,196
Total financial liabilities	**-**	**-**	**43,919**	**2,470**	**46,389**
Weighted average interest rate			9.88%		

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

13. FINANCIAL INSTRUMENTS (continued)

(iii) Interest rate risk continued

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rate by +/- 1% would have had on the Fund's profit and equity:

	Carrying amount	-1%		1%	
	Floating	Profit	Equity	Profit	Equity
30-Jun-11	$'000	$'000	$'000	$'000	$'000
Financial assets	1,007	(10)	-	10	-
Financial liabilities	1,692	2,841	-	(490)	-

	Carrying amount	-1%		1%	
	Floating	Profit	Equity	Profit	Equity
30-Jun-10	$'000	$'000	$'000	$'000	$'000
Financial assets	1,417	(14)	-	14	-
Financial liabilities	2,196	(1,415)	-	1,311	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

13. FINANCIAL INSTRUMENTS (continued)

(iv) Fair values

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values.

As at 30 June 2011, the Fund has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires the classification of fair value measurements into the following hierarchy:

(a)	Level 1	Quoted prices (unadjusted) in active market for identical assets or liabilities;
(b)	Level 2	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(c)	Level 3	Inputs for the asset or liability that are not based on observable market data.

The following table presents the Fund's assets and liabilities measured and recognised as at fair value at 30 June 2011. Comparative information has not been provided as permitted by the transitional provisions of the new amendments.

	Level 1 2011 $'000	Level 2 2011 $'000	Level 3 2011 $'000	Total 2011 $'000
Non-current				
Derivative liabilities	-	1,692	-	-
Total non-current	-	**1,692**	**-**	**-**

There were no transfers between Levels 1, 2 and 3 during the year.

Determination of fair value

The fair value of interest rate swaps is determined using a generally accepted pricing model on a discounted cash flow analysis using assumptions supported by observable market rates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

14. CONTRIBUTED EQUITY

	2011	2010
	$'000	$'000
(a) Issued units		
Issued capital	20,000	20,000
Issue costs	(652)	(652)
Total contributed equity	19,348	19,348

(b) Movement in units on issue	**Number**	**Number**
	'000	**'000**
At 1 July 2010		
Securities on issue at 30 June 2011	57,037	57,037

Terms and conditions of contributed equity

Unitholders have the right to receive distributions, and in the event of winding up of the Fund, to participate in the proceeds from sale of all surplus assets in proportion to the number of units held. Unitholders can vote their units in accordance with the Corporations Act, either in person or by proxy, at a meeting of Fund.

Distributions will be determined by the cashflow of the project.

The Abacus working capital facility ranks equally with other creditors in the event of wind up.

CAPITAL MANAGEMENT

AWLF seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that it complies with capital and distribution requirements of its Fund deed, the capital requirements of relevant regulatory authorities and continues to operate as a going concern. AWLF also protects its equity in assets by taking out insurance.

AWLF assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, AWLF routinely reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement AWLF's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance.

AWLF actively manages its capital via the following strategies: issuing new units, adjusting the amount of distributions paid to members, activating a unit buyback program, divesting assets, or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

A summary of the Fund's key banking covenants is set out below. The Fund's ability to comply with these covenants is dependant on future sales of housing lots.

Covenant / Ratio	Covenant requirement– As at 30 June 2011	Key details
Nature of facilities	Secured, non recourse	The Fund has no unsecured facilities
LVR	50%	Drawn loan, Bank accepted valuations
Quarterly settlements	15 lots at not less than 90% of bank agreed valuation and 42 lots in a six month period	Sales

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

15. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of AWLF is AFML, an Australian Financial Services License holder, and is a wholly owned subsidiary of AGHL.

Transactions between the Fund and the Responsible Entity result from normal dealings with that company as the Fund's Responsible Entity.

(b) Details of Key Management Personnel

(i) Directors

The Directors of AFML are considered to be Key Management Personnel of the Fund. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
David Bastian	Non-executive Director
Dennis Bluth	Non-executive Director (retired 12 November 2010)
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director (appointed 12 April 2011)
Len Lloyd	Executive Director (retired 12 November 2010)

Directors have been in office for the entire period unless otherwise disclosed.

(ii) Other Key Management Personnel

In addition to the Directors noted above, AFML, the Responsible Entity of the Fund is considered to be Key Management Personnel with the authority for the strategic direction and management of the Fund.

(iii) Compensation of Key Management Personnel

No amount is paid by the Fund directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Fund to the Directors as Key Management Personnel.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in Note 15(d).

(c) Fees

AFML provides management and investment accounting services to the Fund. All costs associated with the provision of investment accounting services are paid for by the Responsible Entity, and are conducted on normal commercial terms and conditions.

The Responsible Entity receives all management fees that have been paid by the Fund during the year. In accordance with Fund's offer document and constitution, the Responsible Entity is entitled to receive an annual management fee of 1% until 31 December 2009 and then reduced to 0.5% thereafter of the total assets of the Fund under the terms of the Constitution. The fees are paid on a monthly basis. Total fees paid to the Responsible Entity during the year for management of the Fund were $0.32 million (2010: $0.50 million).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

15. RELATED PARTY DISCLOSURES (continued)

(d) Transactions with related parties

	2011 $'000	2010 $'000
Transactions with associates		
Expense		
Interest expense of loan from Abacus Wodonga Mortgage Fund	-	605
Interest expense of loan from Abacus Finance Pty Ltd	2,815	3,163
Management fee Abacus Funds Management Ltd	320	605
Other transactions		
Loan repayments to Abacus Wodonga Mortgage Fund	-	10,000
Loan advanced from Abacus Finance Pty Ltd	5,116	7,654
Loan repayments to Abacus Finance Pty Ltd	3,638	-

Terms and conditions of transactions

Sales and fees to and purchases and fees charged from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the year.

16. COMMITMENTS AND CONTINGENCIES

The fund has commitments for the expenditure of approximately $0.38 million (2010: $0.70 million).

17. AUDITOR'S REMUNERATION

The auditor of the Fund is Ernst & Young.

	2011 $	2010 $
Amounts received or due and receivable by Ernst & Young Australia for:		
- an audit of the financial report of the fund	**18,000**	**21,500**

18. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial period that has or may affect the Fund's operations in future financial periods, the results of those operations or the Fund's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Funds Management Limited, we state that:

In the opinion of the directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Fund are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b); and

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Thame Chairman	Frank Wolf Managing Director

Sydney, 15 September 2011

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Independent auditor's report to the members of Abacus Wodonga Land Fund

Report on the financial report

We have audited the accompanying financial report of Abacus Wodonga Land Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Abacus Funds Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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 follows the directors' report.

ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of Abacus Wodonga Land Fund is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Ernst & Young

Ernst & Young

K. Zdrilic
Partner
Sydney
15 September 2011