

RuralAus Investments Limited

ACN 091 247 166

Results for Announcement to the Market Appendix 4D

Current reporting period: Half-year ended 31 December 2008

Previous corresponding reporting period: Half-year ended 31 December 2007

	Percentage Change %	Amount \$'000
Revenue from ordinary activities	(3.6)	1,413
Loss from ordinary activities after tax	288	1,159
Net loss attributable to members	288	1,159

Dividends Paid or Proposed - No dividends have been paid or proposed during the period.

Brief Explanation of Revenue and Net Profit

The Group experienced an increase in the net loss after tax compared to the same period last year, posting a loss for the six months to 31 December 2008 of \$1,159,000 (2007: Loss \$299,000). This is largely as a result of a significant increase in the impairment of receivables during the period.

Revenue for the period was \$1,413,000, which was down from the previous period (2007: \$1,466,000). This reduction in revenue is attributable to a reduction in the number of growers due to the cancellation of the woodlots of growers who have not paid their outstanding accounts and therefore a corresponding reduction in the lease and management fees charged to growers in the period.

NTA Backing

	Half Year Ended 31 Dec 08	Half-Year Ended 31 Dec 07
Net tangible asset backing per security	33.2 cents	35.5 cents

Details of Entities over which control has been gained or lost during the period - The Group has not gained or lost control of any entities during the half-year ended 31 December 2008.

Details of Dividends or Distribution Re-Investment Plans - Not Applicable

Details of Associates or Joint Ventures - Not Applicable

Audit Dispute or Qualification – We are not aware of any audit dispute or qualification for the accounts for the half-year ending 31 December 2008.

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RuralAus Investments Limited

ABN 19 091 247 166

Half-Year Financial Report

31 December 2008

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Contents

	<u>Page Number</u>
Directors' Report	4
Auditors' Independence Declaration	6
Consolidated Income Statement	7
Consolidated Balance Sheet	8
Consolidated Cash Flow Statement	9
Consolidated Statement of Changes in Equity	10
Notes to the Financial Statements	11
Directors' Declaration	17
Independent Audit Report	18

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

George Gear (Chairman)
 Ian Olson
 Peter Wallace
 Paul McKenzie
 Frederick Woollard

REVIEW AND RESULTS OF OPERATIONS

The Group experienced an increase in the net loss after tax compared to the same period last year, posting a loss for the six months to 31 December 2008 of \$1,159,000 (2007: Loss \$299,000). This is largely as a result of a significant increase in the provision against doubtful receivables during the period.

Revenue for the period was \$1,413,000, which was down from the previous period (2007: \$1,466,000). This reduction in revenue is attributable to a reduction in the number of growers due to the cancellation of the woodlots of growers who have not paid their outstanding accounts and therefore a corresponding reduction in the lease and management fees charged to growers in the period. As a consequence of this, there was a significant increase in the provision against doubtful receivables as outlined in Note 3.

At the date of this report, there were a total of 628 loans outstanding, of which 470 loans were being serviced or under a payment arrangement (representing 74% based on the number of loans). In relation to lease and management accounts, there are 1,138 growers, of which, 997 (87% based on the number of loans) are being serviced or under a payment arrangement. Both of these figures are an improvement from the previous periods.

A program of pruning of nitens at Kanagroo Island was commenced and completed during the period. Firebreaks were cleared and sprayed for weeds at both the Bremer Bay and Kanagroo Island plantations. The Responsible Entity took the decision to insure all remaining plantations for fire and accordingly, 100% of the plantations at Bremer Bay and Kangaroo Island are now insured for fire. The cost for the insurance of Schemes 3, 4 and 5 will be borne by the growers. The premium for Scheme 2 will be paid from existing lease and management fees from that Scheme, whilst the premium for Scheme 1 was already paid by Australian Growth Finance Limited.

The sale of three properties (comprising four titles) under two separate transactions was completed during the period. The sale of "Top Block" was completed in December 2008 at a sale price of \$1,450,000. The sale of both "Toocalup" and "Myamba" was also finalised in December 2008, however the settlement proceeds of \$3.7m will be received in stages over the next two years.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

DIVIDENDS

No dividends have been declared or paid in this financial period.

Directors' Report continued

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the auditor's independence declaration, which is included on page 6 of this report and forms part of this report.

No director of the Group is currently or was formerly a partner of Ernst & Young.

Signed in accordance with a resolution of the directors.

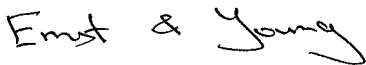
A handwritten signature in black ink that reads "George Gear". The signature is written in a cursive style with a large, looping initial 'G'.

George Gear
Chairman
Dated this 27th day of February 2009

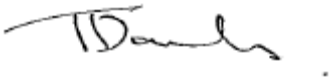
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Auditor's Independence Declaration to the Directors of RuralAus Investments Limited

In relation to our review of the financial report of RuralAus Investments Limited for the half year ended 31 December 2008, 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



T G Dachs
Partner
Perth
27 February 2009

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Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Revenue	3	1,413	1,466
Other income	3	-	55
Expenses	3	(2,906)	(2,225)
Finance Costs		(114)	(115)
Loss before income tax		(1,607)	(819)
Income tax benefit	4	448	520
Net loss attributable to members of parent		(1,159)	(299)
Earnings per share (cents per share)			
- basic for profit/(loss) for the half-year		(2.23)	(0.55)
- diluted for profit/(loss) for the half-year		(2.23)	(0.55)
Dividends paid per share (cents per share)	5	-	-

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Balance Sheet

AS AT 31 DECEMBER 2008

	Notes	Consolidated	
		As at 31 December 2008 \$'000	As at 30 June 2008 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		3,400	2,660
Trade and other receivables		3,773	4,935
Loan receivable	6	500	-
Other current assets		116	379
Total Current Assets		7,789	7,974
Non-Current Assets			
Trade and other receivables		3,927	3,892
Loan receivable	6	2,700	-
Investment properties		5,870	11,020
Plant and equipment		225	245
Biological assets		79	89
Available-for-sale investments		48	129
Other non-current assets		352	17
Total Non-Current Assets		13,201	15,392
TOTAL ASSETS		20,990	23,366
LIABILITIES			
Current Liabilities			
Trade and other payables		660	1,510
Interest-bearing liabilities		2,500	2,500
Current tax liabilities		148	109
Provisions		39	-
Total Current Liabilities		3,347	4,119
Non-Current Liabilities			
Deferred tax liabilities		377	822
Total Non-Current Liabilities		377	822
TOTAL LIABILITIES		3,724	4,941
NET ASSETS		17,266	18,425
EQUITY			
Contributed Equity	7	8,588	8,588
Retained earnings		8,678	9,837
TOTAL EQUITY		17,266	18,425

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Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	2008 \$'000	2007 \$'000
Cash flows from operating activities		
Receipts from customers	758	828
Payments to suppliers and employees	(1,762)	(1,670)
Repayment of growers' loans	100	462
Interest received	296	243
Borrowing costs	(101)	(115)
Net cash flows (used in)/from operating activities	(709)	(252)
Cash flows from investing activities		
Proceeds from sale of investment properties	1,450	-
Purchase of plant & equipment	(1)	(68)
Net cash flows from/(used in) investing activities	1,449	(68)
Cash flows from financing activities		
Payment for shares pursuant to share buy-back	-	(1,114)
Net cash flows used in financing activities	-	(1,114)
Net increase/(decrease) in cash and cash equivalents	740	(1,434)
Cash and cash equivalents at beginning of period	2,660	4,729
Cash and cash equivalents at end of period	3,400	3,295

11

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Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000
At 1 July 2008	8,588	9,837	18,425
Profit/(loss) for the period		(1,159)	(1,159)
Total income/(expense) for the period		(1,159)	(1,159)
At 31 December 2008	8,588	8,678	17,266

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000
At 1 July 2007	9,682	10,216	19,898
Profit/(loss) for the period		(299)	(299)
Total income/(expense) for the period		(299)	(299)
Issue of share capital	20	-	20
Shares cancelled pursuant to buy-back	(1,112)	-	(1,112)
Cost of share buy-back	(2)	-	(2)
At 31 December 2007	8,588	9,917	18,505

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of RuralAus Investments Limited (“the Company”) and its controlled entities for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 27 February 2009. RuralAus Investments Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 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 consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by RuralAus Investments Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

b) Changes in accounting policy

From 1 July 2008 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008.

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*.
- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of RuralAus Investments Limited (“the parent entity”) and its controlled entities (“the Group”) as at 31 December 2008.

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses arising from intra-group transactions, have been eliminated in full.

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

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results from the part of the reporting period during which RuralAus Investments Limited has control.

3. REVENUE AND EXPENSES

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Revenue		
Interest from growers	821	924
Lease fees	146	139
Management Fees	273	268
Bank interest	100	85
Other	73	50
	1,413	1,466
(ii) Other Income		
Fair value increase in biological assets	-	55
	-	55

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	2008 \$'000	2007 \$'000
3. REVENUE AND EXPENSES		
(iii) Expenses		
Doubtful debt expense (a)	1,729	591
Impairment of available-for-sale investments	81	189
Forestry expenses – Bremer Bay	48	305
Forestry expenses – Kangaroo Island	123	104
Salaries and wages	356	364
Professional fees	25	20
Legal fees	68	53
Directors fees	135	109
Responsible entity fees	67	69
ASX/Share registry fees/ASIC fees	7	26
Rates/land taxes/levies	73	55
Insurance	33	43
Unrecoverable GST	7	33
Computer Maintenance	21	39
Website development	3	19
Audit fees	17	17
Rent and office costs	18	32
Depreciation	22	25
Utilities, stationery and postage	18	35
Issue of shares to S Wallace	-	20
Other	55	77
	<u>2,906</u>	<u>2,225</u>

- (a) As part of the reallocation process and the removal of woodlots from growers who had not paid their lease and management and loan accounts an assessment of the likelihood of recovery of funds from those growers was conducted. This resulted in a number of changes to the doubtful debt assessment of those growers and accordingly, the doubtful debt percentages increased across a number of growers resulting in an increase in the provision for doubtful debts as noted above.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED

2008
\$'000

2007
\$'000

4. INCOME TAX BENEFIT

The major components of income tax expense are:

Income Statement

Current Income tax benefit	-	(335)
Adjustment in respect of current income tax of previous years	-	(329)

Deferred income tax

Relating to origination and reversal of temporary differences	(448)	144
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Income tax benefit reported in the income statement	(448)	(520)
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5. DIVIDENDS PAID AND PROPOSED

No dividends have been paid during the current period and no dividends have been proposed. No dividends were paid during the prior period.

6. 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 is included in Current Assets - Trade and other receivables and has been received subsequent to the half year end.
- \$500,000 to be received on or before 31 August 2009. This amount is included in Current Assets - Loan. Interest is being compounded monthly in arrears at 0.5% above the National Australia Bank's advertised Farmers Choice Variable Rate (currently 7.58%). A first mortgage over the property has been taken by the group as security for the loan.
- \$1,600,000 to be received on or before 10 January 2010. 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 7.58%). 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 7.58%). 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.

7. CONTRIBUTED EQUITY

CONSOLIDATED

2008
\$'000

2007
\$'000

Ordinary Shares

Issued and fully paid	8,588	8,588
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Thousands	\$'000
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Movements in ordinary shares on issue

At 1 July 2008	52,032	8,588
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At 31 December 2008	52,032	8,588
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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

8. SEGMENT REPORTING

The Group comprises the following business segments:

- Forestry – involves the packaging, marketing, establishment and management of the investment in timber plantations; and
- Finance – created to support the marketing of timber investments through the raising and provision of finance to investors in the promoted timber projects.

Business segments

The following table presents the segment revenue and segment result information regarding business segments for the half-year period ended 31 December 2008 and 31 December 2007.

	Forestry \$'000	Finance \$'000	Unallocated \$'000	Total \$'000
Half-year ended 31 December 2008				
Revenue				
Revenue from external customers	506	907	-	1,413
Total segment revenue	506	907	-	1,413
Result				
Segment result	(531)	(694)	(268)	(1,493)
(Loss) before tax and finance	(531)	(694)	(268)	(1,493)
Finance costs				(114)
(Loss) before income tax				(1,607)
Income tax benefit				448
Net (loss) for year				(1,159)
Half-year ended 31 December 2007				
Revenue				
Revenue from external customers	449	991	26	1,466
Total segment revenue	449	991	26	1,466
Result				
Segment result	(383)	243	(564)	(704)
(Loss) before tax and finance	(383)	243	(564)	(704)
Finance costs				(115)
(Loss) before income tax				(819)
Income tax benefit				520
Net (loss) for year				(299)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

9. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent assets or contingent liabilities.

10. EVENTS AFTER BALANCE DATE

On 11 February 2009, \$500,000 was received as the first instalment in the settlement of Toocalup and Myamba. There have been no other significant events after balance date.

11. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2008.

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Cash at bank and in hand	3,400	3,295

12. COMMITMENTS

Operating lease commitments – Group as Lessee

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Within one year	165	-
After one year but not more than five years	1,114	-
After more than five years	-	-
Total minimum lease payments	1,279	-

Directors' Declaration

In accordance with a resolution of the directors of RuralAus Investments Limited, I state that:

In the opinion of the directors:

- a. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they come due and payable.

On behalf of the Board



George Gear
Chairman

Dated this 27th day of February 2009.

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To the members of RuralAus Investments Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of RuralAus Investments Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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 consolidated entity's financial position as at 31 December 2008 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 RuralAus Investments Limited and the entities it controlled during the half year, 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.

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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 RuralAus Investments Limited is not in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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.

Ernst & Young

Ernst & Young

T G Dachs

T G Dachs
Partner
Perth
27 February 2009

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