

TFS SANDALWOOD PROJECT 2003

ANNUAL FINANCIAL REPORT
FOR THE PERIOD YEAR ENDED 30 JUNE 2004

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RESPONSIBLE ENTITY'S REPORT

The Directors of TFS Properties Ltd (ACN 093 330 977), Responsible Entity for TFS Sandalwood Project 2003 ("TFS 2003"), present their report together with the financial statements of the TFS Sandalwood Project 2003 ("the Project") for the period ended 30 June 2004.

Directors

The names of the Directors of TFS Properties Ltd during the period and at the date of this report are:

Frank Cullity WILSON
Graeme Eric SCOTT
Stephen Lee ATKINSON
Ronald Lionel EACOTT
Blaine David KIDD
Julius Luke MATTHYS
Thomas Nash CULLITY

Principal Activities

During the period the principal activity of the Project was the establishment and management of a Sandalwood plantation.

Change of State of Affairs

There was no significant change in the state of affairs of the Project.

Results of Operations and Likely Developments

The Project made a profit for the financial year ended 30 June 2004 of \$1,215,297.

This is due to the receipt of fees for the establishment of 80 lots and an increase in the value of the plantation.

Planting commenced on 30 June 2003 and was completed on 10 August 2003. The plantation is now just over 1 year old. The net area of the plantation is 51.5 hectares which required the planting of a total of more than 95,000 seedlings including Sandalwood and its long-term and short-term hosts. Long-term host species were predominantly *Cathormium umbellatum* (a small local leguminous tree) with an add mixture of *Cassia siamea* (an Indian rosewood) and *Dalbergia latifolia*.

The price of Sandalwood continues to rise at the Indian auctions in Tamil Nadu and at the latest auction in September 2004, on a relatively thin trade, the price had risen to \$US45,000 per tonne on average.

This compares with an average price per tonne of \$US35,000 at the same auctions in January 2003.

RESPONSIBLE ENTITY'S REPORT (CONTINUED)

An extract from a report on the plantation by our independent expert forester, Mr Peter Kimber follows:

Present State of the Plantation

The survival of the newly planted Sandalwood seedlings was only moderate, while the host species survived well. At the end of June 2004 the height of the Sandalwood was variable between less than a metre to the odd tall tree reaching 2 metres. This variation is quite normal and is a combination of genetic and microsite variation. Tree heights tend to even out later in the life of the plantation. It is intended to commence regular annual measurements of the Sandalwood trees in this Project in 2004. This will provide a more objective indicator of their performance and development.

Maintenance Works Done in the Last Year

Block 5, which is the TFS 2003 retail block received 2 irrigations in April and May 2004. This block received sufficient water from natural rainfall between November 2003 and April 2004.

A total of 10 access tubes, each 2 metres deep were sunk into the soil in Block 5 to allow the measurement of soil moisture using a "Diviner 2000" moisture probe. Readings are to be taken on a regular basis throughout the latter part of the 2004 dry season in order to relate the growth of the trees (measured with highly accurate band dendrometers) to the level of soil moisture depletion since the last irrigation event. The data collected from this exercise will provide guidelines as to the optimum time to irrigate the plantation on both blocks.

Cleaning out of the water supply channels and drains and the control of weeds on them was done on a regular basis and access tracks were maintained in a good trafficable condition. Irrigation furrows between the rows of trees were maintained three times during the year using a "go-devil" – a set of opposed plough discs which cultivates to create a mound of soil with a furrow on either side, through which irrigation water can travel.

Rows of long-term hosts were treated with the systemic insecticide "Supracide" to control an incipient attack on the leaves of the Cathormium trees by white fly and scale insects. The attack was nowhere as severe as it was on older plantations on the Packsaddle property, and this early control measure will ensure that the Cathormium experiences no set back in growth.

Conclusion

This plantation is now well established and generally the trees are thriving. Any further attacks by insects will be identified early and appropriate remedial action taken to control the problem.

To improve stocking rates in this project the Company has at its expense planted an additional 1,000 Sandalwood trees this year. The Company will monitor the success of this infilling program. If in the next 12 months stockings levels are still unsatisfactory, the Company will consider other options including planting an additional area.

Balance of Interests

As at 30 June 2004, the balance of lease interests held by Growers is 299 (at 30 June 2003: 231).

RESPONSIBLE ENTITY'S REPORT (CONTINUED)

Interests Held by Responsible Entity and Related Parties

At 30 June 2004, no lease interests are held by the Responsible Entity and 66 lease interests are held by Related Parties (30 June 2003: 64).

The lease interests held by the Responsible Entity are as a result of the termination of "Growers Agreements" due to a failure to pay Lease and Management Fees when they were due, despite repeated requests, since the inception.

Environmental Regulations

The Project is not subject to any significant environmental regulations under any State, Commonwealth or Territory Law.

Fees Paid to Responsible Entity and Associates

Fees of \$1,200 were paid to TFS Properties Ltd, Responsible Entity of TFS Sandalwood Project 2003, for provision of its services during the period ended 30 June 2004 (period ended 30 June 2003: nil)

Insurance of Officers of the Company or Auditors

Neither the Project nor TFS Properties Ltd has, during or since the end of the period, in respect of any person who is or has been an officer of TFS Properties Ltd or a related body corporate or auditor of the Project:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

For and on behalf of the Directors of TFS Properties Ltd:



Graeme Eric Scott

Perth, 6th December 2004



Rix Levy Fowler

CHARTERED BUSINESS ADVISORS

Partners:
Phillip Rix FCA
Ranko Matic CA
George Lazarou CA
Jon Carcich CA

Services:
Accounting
Audit & Assurance
Business Financing
Business Reviews
Corporate Secretarial
Financial Planning
IT Solutions
Superannuation
Taxation Planning

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TFS SANDALWOOD PROJECT 2003

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for TFS Sandalwood Project 2003 (the project), for the financial year ended 30 June 2004.

The directors of the responsible entity are responsible for the preparation and true and fair presentation of the project's financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the project. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the project's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors of the responsible entity.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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Audit Opinion

In our opinion, the financial report of TFS Sandalwood Project 2003 is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) giving a true and fair view of the project's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



RIX LEVY FOWLER
Chartered Business Advisors



PHILLIP RIX
Partner

DATED at PERTH this 6th day of December 2004

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 \$	2003 \$
REVENUE FROM ORDINARY ACTIVITIES			
Establishment Fees		648,250	1,789,000
Interest received		6,255	84
Net increment in net value of Sandalwood trees	1(c)	567,047	-
Lease & Management Fees		1,600	-
		<u>1,223,152</u>	<u>1,789,084</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Accounting fees		2,775	-
Audit fees		4,125	-
Bank charges		371	12
Compliance Committee remuneration		7,550	500
Filing fees		1,033	-
Leasing expenses		400	-
Management fees		1,200	-
Marketing expense		-	20,606
Reimbursement of expenses by Responsible Entity		(9,599)	(21,034)
		<u>7,855</u>	<u>84</u>
NET OPERATING INCOME FROM ORDINARY ACTIVITIES		<u>1,215,297</u>	<u>1,789,000</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2004

	Notes	2004 \$	2003 \$
CURRENT ASSETS			
Cash	2	49,918	284,380
Receivables	3	235,470	1,723,787
Other	4	49,390	1,600
TOTAL CURRENT ASSETS		334,778	2,009,767
NON CURRENT ASSETS			
Sandalwood trees	5	3,004,297	1,789,000
Other	6	689,864	22,400
TOTAL NON CURRENT ASSETS		3,694,161	1,811,400
TOTAL ASSETS		4,028,939	3,821,167
CURRENT LIABILITIES			
Payables	7	285,388	2,008,167
Unearned income	8	49,390	1,600
TOTAL CURRENT LIABILITIES		334,778	2,009,767
NON-CURRENT LIABILITIES			
Unearned income	9	689,864	22,400
TOTAL NON-CURRENT LIABILITIES		689,864	22,400
TOTAL LIABILITIES		1,024,642	2,032,167
NET ASSETS		3,004,297	1,789,000
GROWERS' FUNDS			
Undistributed income reserve	10	3,004,297	1,789,000
EQUITY		3,004,297	1,789,000

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Inflows</u>			
Receipts from Growers		2,741,347	268,463
Interest received		6,255	84
		<u>2,747,602</u>	<u>268,547</u>
<u>(Outflows)</u>			
Payments to suppliers		(718,027)	(23,573)
Bank charges		(371)	(11)
		<u>(718,398)</u>	<u>(23,584)</u>
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	12	<u>2,029,204</u>	<u>244,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>(Outflows)</u>			
Payment for establishment of plantations		(2,263,666)	39,417
NET CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES		<u>(2,263,666)</u>	<u>39,417</u>
NET INCREASE/(DECREASE) IN CASH HELD		(234,462)	284,380
Add opening cash brought forward		284,380	-
CLOSING CASH CARRIED FORWARD		<u>49,918</u>	<u>284,380</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the Project's constitution and the requirements of the Corporations Act 2001, which includes applicable accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for Sandalwood trees (which are self-generating assets), which are recorded at net market value.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Project and the revenue can be reliably measured. Specific revenues are recognised as follows:

Operations revenue:

- Sandalwood Lot sales (Establishment Fees) are recognised as revenue on acceptance of the application by the Responsible Entity.
- Lease and Management Fees are recognised as revenue in the period to which they relate.

(c) Sandalwood Trees

Sandalwood trees are measured at their market value at each reporting date. The net market value is determined as being the net present value of expected future cash flows (discounted at a risk adjusted rate).

Net increments or decrements in the market value of the Sandalwood trees are recognised as revenues or expenses in the Statement of Financial Performance, determined as:

- (i) the difference between the total net market values of the trees recognised as at the beginning of the period and the total net market values of the trees recognised as at the reporting date; less
- (ii) costs incurred during the reporting period to acquire and plant Sandalwood trees.

Costs incurred in maintaining or enhancing trees are recognised as expenses when incurred. Therefore, those costs are not included in the determination of the net increment in net market values.

(d) Income Tax

Under current legislation, the scheme is not subject to income tax provided the Growers are presently entitled to the income of the Project.

Unrealised gains and losses on investments which are regarded as income, are transferred to Growers' funds and are not distributable and assessable until realised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

(e) Cash and Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, and short-term deposits at call.

(f) Receivables

Receivables are recognised and carried at original invoice amount, or the amount due less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

(g) Payables

Liabilities for creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at the principal amount.

(h) Unearned Income

Prepaid Lease and Management Fees are recognised on a straight line basis over the term of the Project as this is considered to closely approximate the value of the service provided. The unearned portion is deferred and recorded as unearned income.

(i) Comparatives

The financial statements cover the period from 1 July 2003 to 30 June 2004. Comparative figures are shown for the period from 1 July 2002 to 30 June 2003.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(k) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. Stakeholders will be kept informed as to the impact of these new standards on the financial statements as they are finalised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004 \$	2003 \$
2. CASH		
Cash at bank	49,918	284,380
3. RECEIVABLES		
Outstanding fees (i)	235,470	1,723,787
(i) Outstanding Establishment Fees represent monies receivable from Growers in accordance with the Lease and Management Agreement. No interest has been charged on amounts due.		
4. OTHER ASSETS		
Prepayments (i)	49,390	1,600
(i) Prepayments represent Lease and Management Fees paid to the Manager in advance of the period in which the lease management services are to be provided.		
5. SANDALWOOD TREES		
<i>at net market value</i>	3,004,297	1,789,000
(a) Physical Quantity of Sandalwood Trees Owned		
Number of Sandalwood trees	11,524	-
Area under lease (Ha)	37	-
(b) Nature of Asset		
Investors in the TFS Sandalwood Project 2002 who are referred to as "Growers" subscribed for Sandalwood Lots of size one-sixth of a hectare each upon which Sandalwood trees have been established.		
The Sandalwood plantation is situated at King Location 385, approximately 8 kilometres from the Western Australian township of Kununurra.		
The land upon which the Sandalwood plantation is located is owned by the Responsible Entity. Growers lease the land from the Responsible Entity for the duration of the Project. The Project will continue in operation until the date on which the last of the Growers has been advised that the produce of the Sandalwood crop from each leased area which is leased by the Grower has been harvested and that the relevant Lease and Management Agreement has been terminated but in any event, not later than 30 June 2018.		
The net market value of the Sandalwood trees has been determined in accordance with a Directors' valuation.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004 \$	2003 \$
(c) Significant Assumptions		
Significant assumptions made in determining the net market value of the trees are:		
<ul style="list-style-type: none"> • 15% of the trees will be harvested and sold in 2015/2016; • 30% of the trees will be harvested and sold in 2016/2017; • 55% of the trees will be harvested and sold in 2017/2018; • the price of Sandalwood is constant in real terms; • the costs expected to arise on harvest are constant in relative terms; and • the pre-tax average real rate at which the net cash flows have been discounted are at 17% per annum. 		
Cash flows exclude income taxes and are expressed in real terms.		
6. OTHER ASSETS		
Prepayments (i)	<u>689,864</u>	<u>22,400</u>
(i) Prepayments represent Lease and Management Fees paid to the Manager in advance of the period in which the lease management services are to be provided.		
7. PAYABLES		
Accounts Payable		
Trust funds payable to Responsible Entity (i)	213,000	1,828,417
Australian Taxation Office (ii)	66,393	179,200
Other (iii)	<u>5,995</u>	<u>550</u>
	<u>285,388</u>	<u>2,008,167</u>
(i) Trust funds payable to Responsible Entity represent the sum of monies payable by Growers to the Responsible Entity under the Lease and Management Agreement yet to be paid across to the Responsible Entity. No interest is payable on outstanding amounts.		
(ii) Amount payable to Australian Taxation Office represents GST collected net of GST paid.		
(iii) Other represents compliance fees payable		
8. UNEARNED INCOME (CURRENT)		
Prepaid Lease & Management Fees	<u>49,390</u>	<u>1,600</u>
9. UNEARNED INCOME (NON-CURRENT)		
Prepaid Lease & Management Fees	<u>689,864</u>	<u>22,400</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004 \$	2003 \$
10. GROWERS' FUNDS		
Undistributed Income		
<u>Nature and purpose of reserve</u>		
The undistributed income reserve contains realised and unrealised income and expenses that are not yet assessable/deductible.		
Opening balance	1,789,000	-
Net operating income	1,215,297	1,789,000
Closing balance	<u>3,004,297</u>	<u>1,789,000</u>
11. DISTRIBUTIONS PAID AND PAYABLE		
No distributions were payable or paid during the period.		
12. STATEMENT OF CASH FLOWS		
(a) Reconciliation of Net Operating Income to the Net Cash Flows from Operating Activities.		
Net operating income	1,215,297	1,789,000
<u>Additions:</u>		
Increase in unearned income	715,255	24,000
Increase in GST received on operating income, not yet refunded	-	179,250
Decrease in net receivables	1,488,317	-
Increase in Accounts Payable	5,445	550
	<u>2,209,017</u>	<u>203,800</u>
<u>(Deductions):</u>		
Increase in GST paid on operating expenses, not yet refunded	(733)	(50)
Decrease in GST received on operating income, not yet remitted	(112,075)	-
Increase in net receivables	-	(1,723,787)
Increase in prepaid expenses	(715,255)	(24,000)
Net movement in market value of Sandalwood trees	(567,047)	-
	<u>(1,395,110)</u>	<u>(1,747,837)</u>
Net cash inflow/(outflow) from operating activities	<u>2,029,204</u>	<u>244,963</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004	2003
	\$	\$
(b) Reconciliation of Cash		
Cash balance comprises:		
Cash at bank	<u>49,918</u>	<u>284,380</u>

13. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the TFS Sandalwood Project 2003 is TFS Properties Ltd, whose immediate and ultimate holding company is TFS Corporation Limited.

(b) Directors of the Responsible Entity

The Directors of the Responsible Entity during the period were:

Frank Cullity WILSON
Graeme Eric SCOTT
Stephen Lee ATKINSON
Ronald Lionel EACOTT
Blaine David KIDD
Julius Luke MATTHYS
Thomas Nash CULLITY

(c) Fees Paid or Payable to the Responsible Entity

The Responsible Entity receives all Establishment, Lease and Management Fees which have been paid by the Project during the period.

The Responsible Entity provides Sandalwood plantation establishment and management services for TFS Sandalwood Project 2003 and carries out the custodial and administrative functions.

Transactions between TFS Sandalwood Project 2003 and TFS Properties Ltd result from normal dealings with that company as the Project's Responsible Entity and holder of a dealer's license.

(d) Holdings of Directors and Director-related Entities

A total of 66 lease interests are held by Directors or parties related to Directors on the same terms and conditions as other Growers. No amount is outstanding at year-end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

2004 **2003**
\$ \$

14. COMPLIANCE MATTERS

(a) Compliance Committee

The Compliance Committee during the period consisted of:

Graeme Scott (Chairman) – Director of TFS Properties Ltd
Robert Marusco – Nissen Kestel & Harford
John O'Brien – Hayes Knight GTO

The Compliance Officer during the period was Roger Pratt of Hayes Knight GTO.

(b) Remuneration of Compliance Committee

\$7,550 (GST exclusive) was paid to the external members of the Compliance Committee by the Responsible Entity for provision of their services during the period ended 30 June 2004. \$4,050 is outstanding at year end.

15. AUDIT

(a) Auditors

Rix Levy Fowler are the auditors of the Project and the Project's Compliance Plan.

16. SEGMENT INFORMATION

The Project operates in one industry segment, being investment activities and in one geographical segment, being Australia.

17. SUBSEQUENT EVENTS

Since 30 June 2004, there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the project.

18. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Interest rate risk is the risk that a financial investment's value will fluctuate as a result of changes in market interest rates. The Project's exposure to interest rate risk is as follows:

Financial Assets

Cash	49,918	284,380
Weighted average debit interest rate (p.a.)	0%	0%
Weighted average credit interest rate (p.a.)	1.69%	1.69%
Interest rate type	Variable	Variable

The Project had no other financial assets or financial liabilities with exposure to interest rate risk as at balance date.

(b) Credit Risk

Credit risk represents the risk that a counterparty will fail to perform contractual obligations under a contract.

The Project's only credit risk exposure relates to debtors who comprise the receivable balance at 30 June 2004. A provision for doubtful accounts is recognised when collection of the full nominal amount is uncertain.

(c) Net Fair Value

The Project's financial assets and liabilities included in the Statement of Financial Position are carried at their net fair value. Refer to Note 1 for the methods and assumptions adopted in determining net fair values for Sandalwood trees.

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2004**

In accordance with a resolution of the Directors of TFS Properties Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the registered project are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2004 and its performance, as represented by the results of its operations and its cash flows for the period ended on that date; and
 - (ii) complying the Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the registered scheme will be able to pay its debts as and when they become due and payable.

On behalf of the Board
TFS Properties Ltd



GRAEME ERIC SCOTT
DIRECTOR

Dated: this 6th day of December 2004