Agricultural Land Trust

25 February 2013

Company Announcements Platform
Australian Securities Exchange

The Directors of Agricultural Land Management Ltd, the responsible entity of the Agricultural Land Trust hereby release the attached Appendix 4D together with the Half Yearly Report for the Trust for the period ended 31 December 2012.

Discussion and analysis of the Trust's results is contained in the Half Yearly Report.

The Appendix 4D and Half Yearly Report should be read in conjunction with the Annual Report of the Trust for the financial year ended 30 June 2012 together with all public announcements made by the Trust during the period ended 31 December 2012.

For further information contact:

Peter Zachert
Chairman

Alan Herald
Acting General Manager (08) 8425 5100

Agricultural Land Trust

ARSN 096 588 046

Half Yearly Report

Results for Announcement to the Market

Appendix 4D

31 December 2012

	% change	**6 months ended 31 December 2012 $'000**	6 months ended 31 December 2011 $'000
Results			
Revenue from continuing operations	Down 13%	**4,526**	5,181
Loss from continuing operations	Up 1%	**(2,460)**	(2,434)
Net loss attributable to unit holders	Up 8%	**(2,550)**	(2,363)
Commentary on Results			
Discussion and analysis of the Trust's results is contained in the Half Yearly Report.			
Interim distribution to unit holders			
Interim distribution payable ($'000)		**0**	0
Interim distribution payable (cents per unit)		**0**	0
Basic and diluted earnings (cents per unit)		**(2.52)**	(2.36)
Distribution Reinvestment Plan price (cents per unit)		**0**	0

	31 December 2012	31 December 2011
Net Tangible Assets		
Total net tangible assets attributable to unit holders ($)	**18,945,678**	32,754,881
Units on issue	**101,128,143**	100,004,457
Net tangible assets attributable to unit holders per unit	**$0.19**	$0.33

Agricultural Land Trust

ARSN 096 588 046

[redacted]

Half Year Report
31 December 2012

Discussion and Analysis of 31 December 2012 Half Yearly Report

Financial Results

The reported net profit from continuing operations, before decrements in the fair value of investment properties, for the half year ended 31 December 2012 was $1,483,000 (2011: $1,621,000).

During the period investment properties were revalued down by $3,942,500. This, in part, reflects the estimated selling costs of 5% attributable to 5 Properties reclassified from Investment Properties (Noncurrent Asset) to Investment Properties classified as held for sale (Current Asset). It also includes a $3,400,000 write down to net realisable value on properties held for sale for which an offer has been received from a third party.

The net loss from continuing operations for the half year ended 31 December 2012 was $2,460,000 (2011: loss $2,434,000).

The reported net loss attributable to unit holders of the Trust from both continuing and discontinued operations for the half year ended 31 December 2012 was $2,550,000 (2011: loss $2,363,000).

Revenue and expenses

Revenue from continuing operations totalled $4,526,000 (2011: $5,181,000) and comprised predominately rental income from rural properties of $4,482,000 (2011: $5,089,000).

Expenses from continuing operations, before investment property write down, totalled $3,043,000 (2011: $3,560,000) and comprised predominately interest and bank fees on borrowings associated with rural properties of $2,468,000 (2011: $3,021,000).

Expenses from continuing operations also included responsible entity fees of $235,000 (2011: $316,000).

Balance Sheet

The net assets of the Trust attributable to unit holders totalled $18,946,000 as at 31 December 2012 (30 June 2012: $21,347,000).

The book value of the Trust's investment properties as at 31 December 2012 was $nil (30 June 2012: $41,350,000). Investment properties held at 30 June 2012 have been classified as held for sale in the period under review. All properties are, as at 31 December 2012, recorded as assets classified as held for sale.

The Trust's interest bearing loans and borrowings as at 31 December 2012 comprised secured syndicated debt of $48,670,170 (30 June 2012: $51,570,000) expiring on 31 July 2013 and unsecured subordinated debt from a wholly owned subsidiary of Elders Limited of $9,315,291 (30 June 2012 $9,315,291) expiring on 31 August 2013.

As at 31 December 2012 the Trust's gearing ratio (debt to total assets) was 73% (30 June 2012: 70%). Excluding unsecured subordinated debt the Trusts gearing ratio was 61% (30 June 2012: 59%).

Discussion and Analysis of 31 December 2012 Half Yearly Report

Cash Flow

The overall reduction in cash and cash equivalents for the Trust was $4,017,000 for the half year ended 31 December 2012 (2011: increase $748,000).

Operating cash inflow for the period was $1,913,000 (2011: $1,445,000). This increase was attributable predominately to reduced interest costs paid compared to the prior corresponding period as well as timing differences.

Investing activity cash inflow for the period was $nil (2011: $11,000,000). Financing activities produced a net cash outflow for the period of $5,930,000 (2011: cash outflow $11,697,000). The financing cash outflows included a repayment of syndicated debt of $2,899,000 (2011: $8,500,000) and a reduction of subordinated debt of $nil (2011: $2,500,000). The financing cash outflows also included payment of distributions net of amounts reinvested pursuant to the Trust's Distribution Reinvestment Plan; refer Statement of Cash Flows.

Distributions to unit holders

The Trust paid a first and final distribution in relation to the financial year ended 30 June 2012 totalling $3,180,000 to unit holders on 8 October 2012 representing 3.18 cents per unit (2011: $1,410,000 representing 0.92 cents per unit paid on 27 September 2011). The total distribution for the financial year ended 30 June 2012 was 3.18 cents per unit (2011: 2.45 cents per unit).

As announced on 18 December 2012, the Responsible Entity has resolved to not declare an interim distribution from the Trust in relation to the period ended 31 December 2012 (2011: $nil). The Responsible Entity will consider declaring a first and final distribution of the Trust's full year taxable income at its Board meeting to be held in June 2013.

Second half outlook

The Trust focuses on the ownership of rural property for the purpose of generating rental income and capital appreciation. Elders Ltd recently announced its intention to divest Elders Forestry on a staged basis. This process is well under way and may continue into the second half of the financial year.

Over the coming half year the Responsible Entity will continue debt facility extension negotiations. The amounts owing to financiers have been included within the financial statements as current liabilities. The Trust remains reliant on the continued support of its financiers. The Responsible Entity will also focus on progressing the previously announced sale campaign in relation to the Trust's remaining properties.

The Trust's second half performance in 2013 is also likely to be influenced by other factors including variations in the components of the Trust's rental mechanism (i.e. BBSY, financier margin and CPI) together with any changes in the underlying value of its property assets.

Directors Report

The Directors of Agricultural Land Management Limited, the Responsible Entity of Agricultural Land Trust ("the Trust") report as follows:

Directors

The Directors of the Responsible Entity in office during the half year and at the date of this report are:

Peter Zachert
Robert Michael Ardagh Walter
Thomas Shaw Pascarella (appointed 31 December 2012)
Maxwell George Ormsby (resigned 31 December 2012)

Review and Results of Operations

The reported net loss attributable to unit holders of the Trust for the half year ended 31 December 2012 was $2,550,000 (2011: loss $2,363,000).

Further details on the results and operations are included in the attached Discussion and Analysis report.

Rounding of amounts

The entity is of the kind specified in the Australian Securities & Investments Commission class order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors Report for the half year ended 31 December 2012.

This report has been made in accordance with a resolution of Directors.

Peter Zachert
Chairman
Adelaide
25 February 2013

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Auditor's Independence Declaration to the Directors of Agricultural Land Management Limited, as Responsible Entity for Agricultural Land Trust

In relation to our review of the financial report of Agricultural Land Trust for the half-year ended 31 December 2012, 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

Mark Phelps

Mark Phelps
Partner
25 February 2013

STATEMENT OF COMPREHENSIVE INCOME

HALF YEAR ENDED 31 DECEMBER 2012

		CONSOLIDATED	
	Note	**31 December 2012 $'000**	31 December 2011 $'000
Continuing operations			
Rental income	6	**4,482**	5,089
Other income	6	**-**	19
Interest income	6	**44**	73
Total revenue		**4,526**	5,181
Trust expenses			
- Finance costs	6	**(2,468)**	(3,021)
- Responsible entity fees	6	**(235)**	(316)
- Auditor's remuneration		**(27)**	(27)
- Other expenses		**(313)**	(196)
- Net decrement in fair value of investment properties	6	**(3,943)**	(4,055)
Total expenses		**(6,986)**	(7,615)
Net loss from continuing operations		**(2,460)**	(2,434)
Discontinued operations			
Net profit / (loss) from discontinued operations	6	**(90)**	71
Net profit / (loss) attributable to unit holders of the Trust		**(2,550)**	(2,363)
BASIC AND DILUTED PROFIT / (LOSS) PER UNIT - CENTS		**(2.52)**	(2.36)
BASIC AND DILUTED PROFIT / (LOSS) PER UNIT FROM CONTINUING OPERATIONS - CENTS		**(2.43)**	(2.43)
BASIC AND DILUTED PROFIT / (LOSS) PER UNIT FROM DISCONTINUED OPERATIONS - CENTS		**(0.09)**	0.07

The statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	CONSOLIDATED 31 December 2012 $'000	30 June 2012 $'000
Current Assets			
Cash and cash equivalents	5	**58**	4,075
Trade and other receivables		**2,617**	2,486
Prepayments		**228**	97
Investment properties classified as held for sale		**76,542**	39,134
Total Current Assets		**79,445**	45,792
Non Current Assets			
Investment properties		-	41,350
Total Non Current Assets		-	41,350
Total Assets		**79,445**	87,142
Current Liabilities			
Trade and other payables		**2,514**	1,730
Interest bearing loans and borrowings	7	**57,985**	60,885
Distributions payable		-	3,180
Total Current Liabilities		**60,499**	65,795
Non Current Liabilities			
Interest bearing loans and borrowings	7	-	-
Total Non Current Liabilities		-	-
Total Liabilities		**60,499**	65,795
Net Assets Attributable to Unitholders		**18,946**	21,347
Represented by:			
Units		**58,323**	58,174
Retained losses		**(39,377)**	(36,827)
Total Unitholders Interests		**18,946**	21,347

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

HALF YEAR ENDED 31 DECEMBER 2012

	CONSOLIDATED		
	Profit / (loss) $'000	Units $'000	Net assets attributable to unit holders $'000
At 1 July 2011	(23,057)	57,462	34,405
Net Loss attributable to unit holders	(2,363)	-	(2,363)
Distribution reinvestment plan	-	712	712
Distributions	-	-	-
At 31 December 2011	(25,420)	58,174	32,754
At 1 July 2012	**(36,827)**	**58,174**	**21,347**
Net Loss attributable to unit holders	**(2,550)**	**-**	**(2,550)**
Distribution reinvestment plan	**-**	**149**	**149**
Distributions	**-**	**-**	**-**
At 31 December 2012	**(39,377)**	**58,323**	**18,946**

The Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 DECEMBER 2012

	Note	CONSOLIDATED 31 December 2012 $'000	31 December 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		**4,934**	5,865
Interest received		**44**	73
Other receipts		**-**	15
Interest and borrowing costs paid		**(2,023)**	(3,216)
Other expenses paid		**(663)**	(836)
GST (paid) / refund ATO		**(379)**	(456)
Net cash inflow from operating activities		**1,913**	1,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties	8	**-**	11,000
Net cash inflow from investing activities		**-**	11,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unit holders		**(3,180)**	(1,410)
Distributions reinvested by unit holders		**149**	713
Repayment of subordinated loans	**7**	**-**	(2,500)
Repayment of syndicated loans	**7**	**(2,899)**	(8,500)
Net cash outflow from financing activities		**(5,930)**	(11,697)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(4,017)**	748
Add opening cash and cash equivalents at beginning of period		**4,075**	1,612
CLOSING CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5**	**58**	2,360

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Constitution of the Agricultural Land Trust, the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for investment properties, which have been measured at fair value based upon Directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the Directors of the Responsible Entity when determining fair values.

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

The half year financial report should be read in conjunction with the annual Financial Report of the Trust as at 30 June 2012 together with any public announcements made by the Trust and its controlled entities during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2012. The adoption of amending standards mandatory for annual reporting periods beginning on or after 1 July 2012 has not resulted in any changes to these accounting policies.

For the purpose of preparing the financial report the half year has been treated as a discrete reporting period.

The global economy is volatile with uncertain implications for the forestry industry. Also, Elders Ltd has recently announced its intention to divest its forestry division on a staged basis. It should be noted that the Trust leases 9 of its properties to the forestry division of Elders Ltd with all leases for those properties being guaranteed by Elders Ltd. The balance of properties held, 11 in number, is leased to an unrelated party. The impact of the proposed divestment on the Trust is not able to be determined at this stage. In light of the ongoing uncertainty, and notwithstanding that the Trust remains fully compliant with all financial covenants, the syndicated loan facility is subject to conditions in relation to the divestment of cetain assets in an orderly manner, within specified time frames, with proceeds to be used to repay debt. There is a risk that properties may not be sold and settled within expected time frames or that as debt matures financiers will not extend debt facilities on an acceptable basis. The Directors have however concluded that there are reasonable grounds to believe that the Trust will achieve the required milestones and pay its debts as and when they become due and payable and that the basis of preparation of financial statements on a going concern basis is appropriate.
The Trust's funding arrangements are being negotiated with the banking syndicate and are required to be agreed prior to the expiry of the secured syndicated debt on 31 July 2013. The amounts owing to financiers have been included within the financial statements as current liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b) Changes in Accounting Policy

Since 1 July 2012 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group: AASB 2011-9 - Amendments to Australian Accounting Standards [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049].

2. CONTINGENT ASSETS AND LIABILITIES

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

3. SEGMENT REPORTING

The Trust operates wholly within Australia and derives rental income from rural property investments.

4. NON-CASH FINANCING ACTIVITIES

The Trust has a distribution reinvestment plan ("DRP") which allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the ASX during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion.

A distribution from the Trust of $3,180,000 was paid during the period (2011: $1,410,000).

The value of distributions reinvested in the half year to 31 December 2012 was $149,000 (2011: $713,000), which resulted in the issue of 1,123,686 units (2011: 5,412,109 units).

5. RECONCILIATION OF CASH

	CONSOLIDATED	
	31 December 2012 $'000	30 June 2012 $'000
Cash at Bank	**58**	2,115
Term Deposit	**-**	1,960
	58	4,075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2012

6. DISCONTINUED OPERATIONS

Discontinued operations include the following entities, which form part of the consolidated Trust: The Dunsborough Hotel Property Syndicate, The Kalgoorlie Apartment Hotel Syndicate and the Murray Street Mall Property Trust.

The operations of these syndicates are considered discontinued as their property assets have been sold and the entities are in the process of being wound up.

This note shows the results of the continuing businesses and the discontinued businesses for comparative purposes only.

For the half year ended 31 December	Continuing 2012 $'000	Discontinued 2012 $'000	Consolidated 2012 $'000	Continuing 2011 $'000	Discontinued 2011 $'000	Consolidated 2011 $'000
Rental income	**4,482**	-	**4,482**	5,089	-	5,089
Interest income	**44**	-	**44**	73	-	73
Other income	-	-	-	19	118	137
Total revenue and other income	**4,526**	-	**4,526**	5,181	118	5,299
Finance costs	**(2,468)**	-	**(2,468)**	(3,021)	-	(3,021)
Diminution in investment	**(3,943)**	-	**(3,943)**	(4,055)	-	(4,055)
Responsible entity fees	**(235)**	-	**(235)**	(316)	-	(316)
Other expenses	**(340)**	**(90)**	**(430)**	(223)	(47)	(270)
Net profit / (loss) before non controlling interests	**(2,460)**	**(90)**	**(2,550)**	(2,434)	71	(2,363)
Net profit / (loss) attributable to non controlling interests	-	-	-	-	-	-
Net profit / (loss) attributable to unit holders of the Trust	**(2,460)**	**(90)**	**(2,550)**	(2,434)	71	(2,363)
Distribution to unit holders	-	-	-	-	-	-
Distributions reinvested	**149**	-	**149**	713	-	713
Changes in net assets attributable to unit holders of the Trust	**(2,311)**	**(90)**	**(2,401)**	(1,721)	71	(1,650)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2012

7. BORROWINGS AND REPAYMENT OF DEBT

The Trust's interest bearing loans and borrowings as at 31 December 2012 comprised secured syndicated debt of $48,670,170 (30 June 2012: $51,570,000) expiring on 31 July 2013 and unsecured subordinated debt from a wholly owned subsidiary of Elders Limited of $9,315,291 (30 June 2012 $9,315,291) expiring on 31 August 2013.

During the period, in conformity with the secured syndicated debt loan agreement, a repayment of $2,899,449 was made (2011: $8,500,000). No repayment of the unsecured subordinated loan was made in the period (2011: $2,500,000).

8. RELATED PARTY DISCLOSURES

The Trust focuses on the ownership of rural property for the purpose of generating rental income and capital appreciation. Of the 20 properties under lease, 9 are leased to Elders Forestry Management Limited and the remainder to an unrelated party.
Elders Limited is also the ultimate parent entity of Agricultural Land Management Limited which acts as the Responsible Entity of the Agricultural Land Trust. The Elders group is also a substantial shareholder (49.13%) and subordinated financier of Agricultural Land Trust and has provided eligible undertakings to Agricultural Land Management Limited.

The Chairman of the Agricultural Land Management Limited is not independent due to his prior role as the Chief Financial Officer of Elders Ltd (ceasing June 2009) and his role as Chairman of various Responsible Entities within Elders Forestry including Elders Forestry Management Limited.

The Board of Agricultural Land Management Limited is comprised of a majority of independent directors.

Responsible Entity Fees

The Responsible Entity fees for the half year were $235,317 (2011: $315,969).

Rental Income

The rental income for the half year was $4,482,000 (2011: $5,089,000).

Disposal of Properties

No property disposals have occurred in the period to 31 December 2012 (2011: $11,000,000).

Subordinated Loan

The Trust has a $13,000,000 unsecured and subordinated loan agreement with Elders Finance Pty Limited an entity wholly owned by Elders Limited.
The facility expires on 31 August 2013 and interest expense equals the weighted average rent rate payable under the property leases.
As at 31 December 2012 the facility has been drawn to $9,315,291 (30 June 2012 $9,315,291).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2012

8. RELATED PARTY DISCLOSURES (CONT.)

Compensation of Key Management Personnel

No amounts are paid by the Trust directly to directors and key management personnel of the Trust. The independent Compliance Committee members were paid directly by the Trust. Directors of the Responsible Entity receive remuneration in their capacity as directors of the Responsible Entity. Certain directors are paid directly from the ultimate holding company of the Responsible Entity, Elders Limited. Amounts paid to other senior management are also paid directly from Elders Limited. Consequently, no compensation as defined in AASB 124: Related Party Disclosures is paid by the Trust to its key management personnel.

Eligible Undertakings

Elders Limited has provided the Responsible Entity of the Trust with an Eligible Undertaking to ensure compliance with the base level financial requirements of the Responsible Entity's Australian Financial Services Licence no 225064.

On 7 November 2011 the Australian Securities Investment Commission released new financial requirements for Responsible Entities of Managed Investment Schemes that will apply from November 2012. The changes are being implemented through Class Order 11/1140 and are outlined in the updated version of Regulatory Guide 166 Licensing: Financial requirements.

As a result of the changes, Responsible Entities are no longer able to rely on eligible undertakings from a Listed parent entity for the purpose of complying with minimum financial requirements in relation to Net Tangible Assets.

The Board continues to explore a range of options with the Australian Securities Investment Commission (ASIC); a submission to ASIC seeking temporary relief until 30 October 2013 has been lodged. At the date of this report ASIC has yet to respond to our communication.

9. INVESTMENT PROPERTIES

In the period under review, as advised to the market via an ASX announcement on 9 November 2012, the Board resolved to classify five additional properties with a book value of $10.3 million as held for sale. This increased the book value of Investment properties classified as held for sale from $39.13 million to $49.43 million.

Subsequent to this event, the Board resolved that all properties should be classified as held for sale; this resulted in an additional transfer of $30.5 million from Investment properties to Investment properties classified as held for sale. There are now no properties classified as Non current assets.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods.

11. UNITS ON ISSUE

	31 December 2012	31 December 2011
Opening balance at 30 June 2012	**100,004,457**	94,592,348
Units issued during the period, under "DRP"	**1,123,686**	5,412,109
Closing balance at 31 December 2012	**101,128,143**	100,004,457

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Responsible Entity, Agricultural Land Management Limited:

In the opinion of the Directors:

(a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:

i Giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half year ended on that date; and

ii Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable. As noted in Note 1 there remains a risk that financiers will not extend debt facilities on an acceptable basis for the Trust.

On behalf of the Board.

Peter Zachert
Chairman

Adelaide
25 February 2013

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To the Unitholders of Agricultural Land Trust

Report on the Half-Year Financial Report

We have reviewed the half year financial report of Agricultural Land Trust, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the trust 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 Responsible Entity are responsible for the preparation of the half year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2012 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 Agricultural Land Trust 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 Agricultural Land Trust is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to note 1a within the financial report. Note 1a highlights the reliance being placed on the ability of Agricultural Land Trust to meet the conditions of the financing agreement requiring divestment of certain assets within specified timeframes. In addition note 1a highlights the reliance being placed on the ability of Agricultural Land Trust to refinance the syndicate debt expiring on 31 July 2013. There is material uncertainty over whether the trust will be able to meet its obligations as and when they fall due should expected timeframes for divestment not be achieved or in the absence of continued financing. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Material Uncertainty Regarding Counterparty Risk

Further, we draw attention to the investment properties held for sale. These assets have been measured in accordance with the accounting policy note set out within note 2h from the 30 June 2012 annual financial statements. In determining the fair value, consideration has been made to the lease contracts that are in place in relation to the properties. There is material uncertainty over the impact of any potential counterparty risk, and the assessment of counterparty risk may have an impact on the ultimate realisable value of the investment properties.

Ernst & Young

Mark Phelps
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Adelaide
25 February 2013