



TFS SANDALWOOD PROJECT 2011
ARSN: 150 211 171

FINANCIAL REPORT
FOR THE YEAR ENDED 30 June 2019



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RESPONSIBLE ENTITY'S REPORT

The Directors of Sandalwood Properties Ltd ("Responsible Entity") (ACN 093 330 977) as Responsible Entity for TFS Sandalwood Project 2011 ("the Project" or "the Scheme"), submit their report for the year ended 30 June 2019.

Directors

The names of the Directors of Sandalwood Properties Ltd (the "Directors") during the year and until the date of this report are set out below. The directors were in office for this entire period unless otherwise stated.

Mr Julius Matthys (Appointed 19 October 2018)
Mr Kent Burwash (Chairman) (Appointed 1 November 2018)
Mr Steve Dixon (Appointed 1 November 2018)

Principal Activities

The Project is a Managed Investment Scheme for the purposes of the Corporations Act 2001 and is regulated by the Project's Constitution and the Corporations Act 2001. The Scheme participants' (Growers) interests in the Sandalwood lots are managed by the Responsible Entity as a single commercial plantation for the benefit of the growers.

Change of State of Affairs

There have been no significant changes in the state of affairs of the project during the year other than those disclosed in "Likely Developments and Expected Results".

Results of Operations

During the year, the Scheme continued to be managed in accordance with the investment objective and strategy set out in the Scheme's offer document and in accordance with the Scheme constitution.

Growers are establishing and participating in their own forestry plantation business.

On 20 January 2018, Quintis appointed Richard Tucker, Scott Langdon, and John Bumbak of KordaMentha as voluntary administrators of the Quintis Group. Following this, on 23 January 2018, the Quintis Group's secured noteholder appointed John Preston, Shaun Fraser and Robert Brauer of McGrathNicol as Receivers and Managers of the Quintis Group.

On 8 June 2018, the creditors voted for the Receivers' proposed Deed of Company Arrangement ("DOCA") for Quintis. The creditor vote enabled the strategy to recapitalise Quintis with between A\$125 million and A\$175 million in new cash to be injected into the business to fund operations on a long-term basis.

Quintis was recapitalised effective 30 October 2018 after receiving A\$145 million in funding from its new shareholders.

As part of the recapitalisation the Quintis Group was restructured with Quintis being replaced as Parent Company of the Quintis Group by QHPL.

In October 2018 First Lien notes were issued by the Quintis Group with a principal of USD\$151m, and will mature on September 15, 2026. It is in the Quintis Group's discretion to pay interest in kind or in cash in years one through six at a rate of 7.5% per annum if paid in cash and 8.0% per annum if paid in kind. Interest is to be paid in cash at 7.5% per annum in years seven and eight. Interest is payable semi-annually in arrears.

In October 2018 Second Lien notes were issued by the Quintis Group with a principal of USD\$185m, and will mature on September 1, 2028. No interest is payable in years one through six. Interest is accrued in years six through ten at a rate of 12.0% per annum. Interest is payable semi-annually in arrears.

The recapitalisation will enable the responsible entity to continue to execute the investment strategy of the scheme in accordance with the Scheme constitution and investment objectives as detailed in the Product Disclosure Statement.

The Scheme derived no operating profit during the financial year (2018: Nil) and made no distributions (2018: Nil).

Likely Developments and Expected Results

The investment strategy of the Scheme will be maintained in accordance with the Scheme constitution and investment objectives as detailed in the Product Disclosure Statement.

Under the Scheme, Growers enter into a lease and management agreement with the Responsible Entity and Quintis Leasing Pty Ltd (formerly known as TFS Leasing Pty Ltd). The planting, management, harvest and sale of the trees on the Sandalwood lots are conducted by the project manager, Quintis Forestry Ltd (formerly known as TFS Forestry Services Ltd), as appointed by the

RESPONSIBLE ENTITY'S REPORT

Responsible Entity. The Responsible Entity, project manager and Quintis Leasing Pty Ltd were wholly owned subsidiaries of Quintis Ltd ("Quintis"). Quintis Ltd together with its consolidated subsidiaries are referred to as the "Quintis Group". The Scheme's liquidity position is linked to its Responsible Entity, which in turn is linked to Quintis Holdco Pty Limited ("QHPL") (Parent Company of the Responsible Entity), due to on-demand loans extended to Quintis.

Growers include interests held by the Responsible Entity or the subsidiaries of QHPL. At 30 June 2019 there were 23 units (1/6 ha) held by the Responsible Entity or subsidiaries of QHPL and 507 units held by other Growers in the project.

Expert Forester's Report for the period from 1 July 2018 to 30 June 2019

This report reviews the status of the plantation managed by Sandalwood Properties Ltd under this project, and discusses the establishment and maintenance carried out by the company over the past year.

The TFS 2011 Project is situated on the Ivanhoe Plain, north of Kununurra townsite. The property, known as Kimpton Farm is King Location 241 and the project is divided into three Blocks numbered 52a (part), 52b (part) and 52c. The Blocks were planted in 2012 and are now 7 years of age. The total area is 88.35 ha.

The long term hosts are *Cassia siamea*, *Dalbergia lanceolaria* and *Cathormion umbellatum*. Growth and vigour of sandalwood is improving, although not as vigorous as other plantations nearby. The northern section of Block 52c is poorly stocked with sandalwood due to inundation that occurred in 2014 and again in 2017.

Block 52a received a broad scale spray of a knockdown herbicide on two occasions while Block 52b was sprayed on three occasions. This prevents weeds competing with the sandalwood and host trees, maintains the interrows clear of vegetation to facilitate irrigation flows and reduces the fire hazard.

Each Block was irrigated on seven occasions with an average of 2.4 Ml/ha being applied on each occasion. Sandalwood stocking is close to target.

Infrastructure was maintained during the year with irrigation channels kept clean, roads maintained and interrows delved to facilitate irrigation flows.

Apart from the issues that befell this project in the wet seasons of 2013/2014 and 2016/2017 with excessive flooding, the plantation is being managed as well as can be expected.

Environmental Management

The project's operations are subject to significant environmental regulations under the laws of the Commonwealth and State. There have been no significant known breaches of any environmental regulations to which the project is subject.

The Directors of the Responsible Entity have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act does not have an effect on the project for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

Indemnification and Insurance of Directors and Officers

The constitution of Responsible Entity requires it to indemnify all current and former officers under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

During or since the financial year, the Responsible Entity has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Responsible Entity. The cover included professional indemnity as well as Directors' and officers' insurance. The contract with the insurer prohibits the disclosure of the nature of the liabilities or the amount of premium paid.

Indemnification of Auditors

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

RESPONSIBLE ENTITY'S REPORT

Events after the Reporting Period

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.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2019 has been received and can be found on page 16 of the report.

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



Stephen Dixon
Non-Executive Director

Dated at Perth on 26 September 2019

Independent auditor's report to the Growers of TFS Sandalwood Project 2011

Opinion

We have audited the financial report of TFS Sandalwood Project 2011 (the Registered Scheme), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in growers' funds and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and declaration of the directors of Sandalwood Properties Ltd, the Responsible Entity of the Registered Scheme.

In our opinion, the accompanying financial report of the Registered Scheme is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Registered Scheme's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors of the Responsible Entity are responsible for the other information. The other information is the Responsible Entity's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Responsible Entity 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Registered Scheme's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Registered Scheme's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Scheme to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young



D S Lewsen
Partner
Perth
26 September 2019

**TFS SANDALWOOD PROJECT 2011
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	30 June 2019	30 June 2018
	\$	\$
Other income and expense		
Fair value (loss) / gain on biological assets	-	-
	<hr/>	<hr/>
Expenses	-	-
	<hr/>	<hr/>
Operating (loss) / profit	-	-
Income tax	-	-
Net (loss) / profit for the year	<hr/>	<hr/>
	-	-
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive (loss) / income for the year	<hr/>	<hr/>
	-	-

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**TFS SANDALWOOD PROJECT 2011
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	30 June 2019 \$	30 June 2018 \$
Non Current Assets		
Biological assets	-	-
Total Assets	-	-
Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	-	-
Growers' Funds		
Contributions from growers	-	-
Undistributed income reserve	-	-
Total Growers' Funds	-	-

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

**TFS SANDALWOOD PROJECT 2011
STATEMENT OF CHANGES IN GROWERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2019**

	Contributions From Growers \$	Undistributed Income Reserve \$	Total \$
Balance at 1 July 2018	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 30 June 2019	-	-	-
Balance at 1 July 2017	-	-	-
Total comprehensive loss for the year	-	-	-
Balance at 30 June 2018	-	-	-

The Statement of Changes in Growers' Funds should be read in conjunction with the accompanying notes.

**TFS SANDALWOOD PROJECT 2011
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	30 June 2019	30 June 2018
	\$	\$
Cash flows from operating activities		
Receipt from growers	-	-
Payments to suppliers	-	-
	<hr/>	<hr/>
	-	-
Net movement in cash held	-	-
Cash at the beginning of the year	-	-
	<hr/>	<hr/>
Cash at the end of the year	-	-

All cash transactions during the year were processed and managed by the Responsible Entity and no cash payments are made and received within the project.

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 2019**

1. GENERAL INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the TFS Sandalwood Project 2011 ("the Project" or "the Scheme") as an individual entity. The Project is a Managed Investment Scheme registered in Australia. The Scheme is expected to terminate on 30 June 2026 or at a later date, in accordance with the provisions of the Scheme Constitution.

The Responsible Entity of the Scheme is Sandalwood Properties Ltd (the "Responsible Entity").

Under the Scheme, Growers enter into a Lease and Management Agreement with the Responsible Entity and Quintis Leasing Pty Ltd (a related entity of the Responsible Entity). Under the Lease and Management Agreement, the Grower sub-leases their Sandalwood lot(s) from Quintis Leasing Pty Ltd and appoints the Responsible Entity to plant, manage and harvest the trees on the lot, as well as sell the Grower's share of the harvest of the plantation (not applicable where the Grower is an electing Grower as defined below) in consideration for the Grower agreeing to pay establishment fees, annual lease and management fees, a harvest fee and a sales and marketing fee (not applicable where the Grower is an electing Grower).

A Grower is a non-electing Grower unless they have elected to collect their share of the plantation harvest in which case they are an electing Grower.

The Scheme will continue to be managed in accordance with the investment objective and strategy set out in the Scheme's offer document and in accordance with the Scheme Constitution.

The financial report was authorised for issue on 26 September 2019 by the Board of Directors.

Going concern considerations

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity.

The Scheme's liquidity position is linked to its Responsible Entity, which in turn is linked to Quintis Holdco Pty Limited ("QHPL") (Parent Company of the Responsible Entity), due to on-demand loans extended to Quintis.

Quintis was recapitalised effective 30 October 2018 after receiving A\$145 million in funding from its new shareholders. With a restructured balance sheet, Quintis is now a well-funded private company. The successful recapitalisation enabled the Quintis Group to continue as a going concern and provided the Responsible Entity with the funding support required to continue to manage and maintain Indian Sandalwood plantations as Responsible Entity for the Scheme.

After taking into account all available information, the Directors of the Scheme have concluded that there are currently reasonable grounds to believe that the preparation of the 30 June 2019 financial report on a going concern basis is appropriate.

Basis of Preparation

These general purpose financial statements for the year ended 30 June 2019 have been prepared in accordance with requirements of the Corporations Act 2001, Australian Accounting Standards applicable to "for profit entities" and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have also been prepared on an accruals basis and is based on historical cost.

The financial statements only include Scheme property which does not include: -

- the application money paid by the Grower to the Responsible Entity which covers the establishment fee, upfront annual fee and upfront rent;
- the lease and management fees paid by the Grower to the Responsible Entity under the Lease and Management Agreement;
- the trees growing on each Grower's lot;
- the harvest produce; and
- the harvest proceeds received by the Responsible Entity on sale of the harvest produce held in trust for the non-electing Growers.

The Scheme has adopted all new and amended Accounting Standards and Interpretations effective as of 1 July 2018. The adoption of these new and amended Accounting Standards and Interpretations had no material impact on the financial position or performance of the project.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. GENERAL INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(b) Significant Accounting Judgements

The Directors of the Responsible Entity (the "Directors") have applied the following key judgements in preparing these financial statements.

Establishment fees paid by Growers

The Directors do not believe that establishment fees paid by Growers to the Responsible Entity represent a contribution to the Scheme and are therefore not Scheme property. Rather these fees are paid to and are received by the Responsible Entity in discharge of the Grower's individual obligation to pay for establishment services relating to the Grower's particular leased area, not the plantation as a whole. Accordingly, establishment fees are not recognised in these financial statements.

Transactions arising from the Lease and Management Agreement

Under the Lease and Management Agreement with the Responsible Entity and Quintis Leasing Pty Ltd, the Grower sub-leases their Sandalwood lot(s) from Quintis Leasing Pty Ltd and appoints the Responsible Entity to plant, manage and harvest the trees on the lot (not applicable where the Grower is an electing Grower as defined below), as well as sell the Grower's share of the harvest of the plantation in consideration of the Grower agreeing to pay establishment fees, annual lease and management fees, a harvest fee and a sales and marketing fee (not applicable where the grower is an electing grower).

Transactions arising from the Lease and Management Agreement and other associated charges made between the grower and the Responsible Entity have been excluded from the scope of transactions recognised in the project financial statements. The Directors do not believe the annual payments made by the growers to the Responsible Entity become Scheme property. Rather they are paid to and received by the Responsible Entity as rent and fees in discharge of a grower's individual obligation to pay such amounts.

Sandalwood trees and harvest produce

The Sandalwood trees established from the establishment services grow on the individual Grower's leased area. A Grower has full right, title and interest in either the Grower's proportional share of harvested trees (if an electing Grower) or the Grower's proportional share of harvest proceeds from the sale of the harvested trees (if a non-electing Grower). While there is an element of pooling to arrive at the harvested trees, the Grower retains full right, title and interest in the harvested trees. Accordingly, the Directors also believe that the Sandalwood trees and harvest produce are the assets of the Grower rather than the Scheme and as such should not be recorded in the Scheme financial statements as biological assets or inventory respectively.

Cash and cash equivalents held in trust for the Growers

Under the Scheme and Lease and Management Agreement, the Responsible Entity is required to establish separate bank accounts which are maintained by an independent custodian for certain funds received including Application Money received from Growers and gross proceeds from the sale of harvested trees for electing Growers. These bank accounts are held in the name of the Responsible Entity and maintained by an independent custodian in trust for the Growers. The Directors do not believe the funds held by the Responsible Entity in trust for the Growers become Scheme property and therefore these bank accounts have not been recorded in the Scheme financial statements.

(c) New and amended Accounting Standards and Interpretations issued but not yet effective

A number of new and amended Accounting Standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been applied in preparing these financial statements. It is not expected that these new and amended Accounting Standards and Interpretations will have a significant impact on the Scheme.

2. OPERATING SEGMENTS

Identification of reportable segments

The Responsible Entity has identified that the Scheme has one reportable segment which is consistent with the financial statements as a whole.

3. SUBSEQUENT EVENTS

Since 30 June 2019, 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 Scheme.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

4. FINANCIAL INSTRUMENTS

The Scheme holds no financial instruments.

5. RELATED PARTY DISCLOSURE

(a) Responsible Entity

The Responsible Entity of the TFS Sandalwood Project 2011 is Sandalwood Properties Ltd, whose immediate parent company is Quintis (Australia) Pty Ltd and Ultimate Holding company is Quintis Holdco Pty Ltd.

(b) Directors and key management personnel

The Directors and key management of the Responsible Entity during the period and until the date of this report were:

Mr Julius Matthys (Appointed 19 October 2018)

Mr Kent Burwash (Chairman) (Appointed 1 November 2018)

Mr Steve Dixon (Appointed 1 November 2018)

(c) Fees paid or payable to the Responsible Entity

The Responsible Entity receives all lease and management fees which have been paid by the Growers during the year. Refer to Note 1(b) for additional detail on transactions arising from the Lease and Management Agreement.

The Responsible Entity did not charge any fees from the Scheme during the year ended 30 June 2019 (2018: nil).

The Responsible Entity provides Sandalwood plantation establishment and management services for TFS Sandalwood Project 2011 and carries out the custodial and administrative functions.

There were no related party transactions during the year. As at 30 June 2019, amounts payable between the Scheme and the Responsible Entity was nil.

(d) Holdings of Directors and Director Related Entities

No lease interests (on the same terms and conditions as other growers) are held by Directors or parties related to Directors.

A total of 23 units are held by the Responsible Entity or subsidiaries of Quintis and are held on the same terms and conditions as other Growers. No amounts are outstanding at year end.

(e) Key management compensation

No compensation has been paid by the project directly, or its Responsible Entity to key management personnel of Quintis.

6. COMPLIANCE MATTERS

(a) Compliance Committee

Mr David Mahon was appointed as Compliance Officer on 26 March 2019.

(b) Remuneration of Directors and Compliance Committee

In the current year, no fees were paid (2018: nil) to the Compliance Committee following the appointment of the Directors to the board of the Responsible Entity (refer to Note 6(a)). \$7,272 was paid (2018: \$6,912) to the Directors for provision of their services during the year ended 30 June 2019.

7. AUDITOR REMUNERATION

Ernst & Young are the auditors of the Scheme and the Scheme's compliance plan. During the year the auditors received remuneration in relation to the project of \$5,500 (2018: \$5,500).

8. CONTINGENT LIABILITIES

There are no contingent liabilities during the year ended 30 June 2019.

9. INCOME TAXES

Under current Australian legislation, the Scheme is not subject to income tax provided the growers are presently entitled to the income of the Scheme and the Scheme fully distributes its net taxable income.

10. PROJECT DETAILS

The registered office of the project and principal place of business is Level 1, 87 Colin Street, West Perth WA 6005.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of TFS Sandalwood Project 2011 for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2019 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulation 2001;
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and.
- (c) Subject to the matters set out in Note 1, there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board
Sandalwood Properties Ltd



Stephen Dixon
Non-Executive Director

Dated at Perth on 26 September 2019

Auditor's Independence Declaration to the Directors of Sandalwood Properties Ltd, as the Responsible Entity for TFS Sandalwood Project 2011

As lead auditor for the audit of the financial report of TFS Sandalwood Project 2011 for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



D S Lewsen
Partner
26 September 2019