

MACQUARIE EUCALYPT PROJECT 2010

ARSN 142 998 294

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



MACQUARIE

MACQUARIE EUCALYPT PROJECT 2010

Annual Report

for the year ended 30 June 2011

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This annual financial report covers the Macquarie Eucalypt Project 2010 as an individual entity.

Responsible Entity:

Macquarie Alternative Assets Management Limited
ABN 30 103 237 181
No. 1, Martin Place,
Sydney, New South Wales, 2000
AUSTRALIA

Neither the Responsible Entity, nor any member of the Macquarie Group Limited, guarantees the performance of the Macquarie Eucalypt Project 2010, the repayments of capital or the payment of a particular rate of return on the interests issued.

Macquarie Alternative Assets Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959. Macquarie Alternative Assets Management Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Alternative Assets Management Limited.

MACQUARIE EUCALYPT PROJECT 2010

Directors' Report

For the year ended 30 June 2011

The Directors of Macquarie Alternative Assets Management Limited (ABN 30 103 237 181) (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of the Macquarie Eucalypt Project 2010 ("the Scheme"), submit their report for the Scheme for the year ended 30 June 2011.

Principal activities

The principal activity of the Scheme is to act as a vehicle through which interest holders of the Scheme undertake a forestry plantation business as a common enterprise.

The Scheme did not have any employees during the year.

There has been no significant change in the nature of this activity during the year.

Directors

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Antony Clubb (appointed on 11 February 2011)
Simone Alison Mosse (resigned on 11 February 2011)
Anthony Abraham
Peter Bruce Lucas
William Dudley Fox (appointed on 27 September 2011)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Review of results and operations

The Scheme was registered on 21 April 2010 and began operations on 30 June 2010. Since then 9,674 interests have been issued to interest holders for \$Nil consideration.

Interest holders in the Scheme are establishing and participating in their own forestry plantation business. As such, the Scheme did not have any amounts on its statement of financial position (Period ended 2010: \$Nil).

The Scheme derived no operating profit during the financial year (Period ended 2010: \$Nil) and made no distributions (Period ended 2010: \$Nil).

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes to the state of affairs of the Scheme during the year.

Significant events after the balance date

There has been no matter or circumstance that has arisen since the end of financial year that has significantly affected, or may significantly affect, the Scheme's operations in future financial years, the results of those operations or the Scheme's state of affairs in future financial years.

MACQUARIE EUCALYPT PROJECT 2010

Directors' Report (continued)
for the year ended 30 June 2011

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme Constitution.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification and insurance of Directors and officers

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the Directors or officers of the Responsible Entity. So long as they act in accordance with the Scheme Constitution and the *Corporations Act 2001* (the "Act"), the Directors and officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity and its associates

No fees were paid to the Responsible Entity and its associates out of Scheme property during the financial year (Period ended 2010: \$Nil).

No fees were paid out of Scheme property to the Directors of the Responsible Entity during the financial year (Period ended 2010: \$Nil).

No interests in the Scheme were held by the Responsible Entity and its associates as at the end of the financial year (Period ended 2010: \$Nil).

Interests in the Scheme

The Scheme cancelled 16 units during the financial year. The interests on issue at 30 June 2011 were 9,674 (Period ended 2010: 9,690).

Environmental regulation and performance

The operations of the Scheme are not subject to any particular or significant environmental regulation 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.

MACQUARIE EUCALYPT PROJECT 2010

Directors' Report (continued)
for the year ended 30 June 2011

Auditor's independence declaration

An independence declaration has been provided to the Directors by the auditor of Macquarie Eucalypt Project 2010, Ernst & Young, and is attached to the Director's report.

Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/0100 (as amended), amounts in the Directors' Report and the Financial Report have been rounded off to the nearest dollar unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

.....
Director
Sydney
28 September 2011



Antony Clubb

Auditor's Independence Declaration to the Directors of Macquarie Alternative Assets Management Limited, as the Responsible Entity for Macquarie Eucalypt Project 2010

In relation to our audit of the financial report of Macquarie Eucalypt Project 2010 for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.
Ernst & Young

A handwritten signature in cursive script that reads 'Clare Sporle'.
Clare Sporle
Partner
Sydney
28 September 2011

MACQUARIE EUCALYPT PROJECT 2010

Statement of Comprehensive Income

for the year ended 30 June 2011

	Year ended 30 June 2011 \$	Period ended 30 June 2010 \$
Total investment income	-	-
Total operating expenses	-	-
Operating profit/(loss)	-	-
Finance costs attributable to interest holders	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	-	-

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

MACQUARIE EUCALYPT PROJECT 2010

Statement of Financial Position

as at 30 June 2011

	Notes	2011 \$	2010 \$
Total assets		-	-
Total liabilities (excluding net assets attributable to interest holders)		-	-
Net assets attributable to interest holders - liability	5	-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

MACQUARIE EUCALYPT PROJECT 2010

Statement of Changes in Equity

for the year ended 30 June 2011

	Year ended 30 June 2011 \$	Period ended 30 June 2010 \$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, net assets attributable to interest holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the year/ period.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

MACQUARIE EUCALYPT PROJECT 2010

Statement of Cash Flows

for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 \$	Period ended 30 June 2010 \$
Net cash provided by/(used in) operating activities	8(a)	-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		<hr/> -	<hr/> -

The above statement of cash flows should be read in conjunction with the accompanying notes.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements

for the year ended 30 June 2011

1. Corporate information

This financial report covers Macquarie Eucalypt Project 2010 ("the Scheme") as an individual entity. The Scheme was constituted on 7 April 2010 and registered on 21 April 2010. The Scheme is expected to terminate on 31 December 2021 or at a later date in accordance with the provisions of the Scheme Constitution.

The Macquarie Eucalypt Project 2010 is a managed investment scheme. Macquarie Alternative Assets Management Limited ("the Responsible Entity" of the Scheme) has its registered office at No.1, Martin Place, Sydney, New South Wales 2000, Australia. The financial report is presented in the Australian currency.

The Scheme issued interests for \$Nil consideration on 30 June 2010 and the Responsible Entity received a plantation establishment fee of \$2,320 per interest (excluding GST) to cover the establishment and maintenance costs of the timber plantations. The Macquarie Timber Land Trust 2010 is a managed investment scheme and its Responsible Entity is Macquarie Financial Products Management Limited (a wholly owned subsidiary of Macquarie Group Limited). The Macquarie Timber Land Trust 2010 issued units at \$1 per unit (GST free) in order to purchase the land on which the timber plantations are situated.

Forestry investments associated with the project are the property of individual interest holders and are not considered Scheme property. As a result, such investments held by members are not included in the statement of financial position of the Scheme.

In accordance with the terms of an off-take agreement, when the forestry assets owned by individual interest holders are ready for harvest (expected to occur in approximately 2021) the Responsible Entity, acting as agent for the interest holders, will sell these assets to the off-taker on the interest holders' behalf.

The financial statements of Macquarie Eucalypt Project 2010 for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 28 September 2011.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

2.1 Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued) for the year ended 30 June 2011

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Statement of compliance

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the annual reporting period ended 30 June 2011. The impact of these standards and interpretations has been assessed and to the extent applicable to the Scheme are discussed below. Standards and Interpretations that are not expected to have a material impact on the Scheme have not been included.

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Scheme has not yet decided when to adopt AASB 9. However, management does not expect any impact on the Scheme's financial statements as the Scheme does not hold any available-for-sale investments nor any investments in debt instruments.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The Scheme will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Scheme's financial statements.

(iii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitize, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Scheme's disclosures. The Scheme intends to apply the amendment from 1 July 2011.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010).

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Scheme has not yet decided when to adopt IFRS 10. Management does not expect this will have a significant effect on the Scheme's financial statements.

(vi) IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Scheme has not yet decided when to adopt IFRS 12. Management does not expect this will have a significant effect on the Scheme's financial statements.

(vii) IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Scheme has not yet decided when to adopt IFRS 13. Management does not expect this will have a significant effect on the Scheme's financial statements.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued) for the year ended 30 June 2011

2. Accounting policies (continued)

2.2 Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and investments in money market instruments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts.

(b) Income tax

Under current legislation, the Scheme is not subject to income tax provided the distributable (taxable) income of the Scheme is fully distributed by way of cash or reinvestment (i.e. interest holders are presently entitled to the income of the Scheme). Distributable income is determined by reference to the taxable income of the Scheme.

(c) Distributions to interest holders

In accordance with the Scheme's Constitution, the Scheme fully distributes its distributable (taxable) income to interest holders by way of cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to interest holders.

(d) Net assets attributable to interest holders

Interests are redeemable at the end of the Scheme's finite life and are therefore classified as financial liabilities. The fair value of redeemable interests is measured at the redemption amount that would be received if interests were redeemed at the reporting date.

(e) Increase/decrease in net assets attributable to interest holders

Income not distributed is included in net assets attributable to interest holders. Movements in net assets attributable to interest holders are recognised in the statement of comprehensive income as finance costs.

(f) 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 capital funds and is regulated. The Australian Dollar is also the Scheme's presentation currency.

(g) Use of estimates

The preparation of the Scheme's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In preparing the financial statements no estimates were made which included a high degree of judgement.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

3. Financial risk management

The Scheme did not hold any financial instruments during the financial year and is therefore not exposed to credit risk, liquidity risk and market risk.

4. Auditor's remuneration

	Year ended 2011 \$	Period ended 2010 \$
Amounts received or due and receivable by Ernst & Young for:		
- an audit and review of the financial report of the Scheme	7,940	5,710
- other services related to the Scheme: audit of compliance plan	310	290
	<u>8,250</u>	<u>6,000</u>

No non-audit fees were paid/payable during the year (Period ended 2010: \$Nil).

The Responsible Entity pays fees to auditors on behalf of the Scheme. It is not the intention of the Responsible Entity to recharge the fees to the Scheme, as permitted by the Constitution. No contingent liability has been recognised by the Scheme in relation to audit costs.

5. Net assets attributable to interest holders

Forestry investments associated with the project are the property of individual interest holders and are not considered Scheme property. As a result, such investments held by members are not included in the statement of financial position of the Scheme.

As stipulated within the Scheme Constitution, each interest represents the trees being grown and the forestry activities carried out on one plantation lot (approximately 1/4 hectare of land). There are no separate classes of interests and each interest has same rights attached to it as all other interests of the Scheme.

Movements in the number of interests and net assets attributable to interest holders during the financial year were as follows:

	Interests on Issue		Interest holders funds	
	Year ended 2011 No.	Period ended 2010 No.	Year ended 2011 \$	Period ended 2010 \$
Opening balance	9,690	9,690	-	-
Units cancelled	(16)	-	-	-
Increase/(decrease) in net assets attributable to interest holders	-	-	-	-
Closing balance	<u>9,674</u>	<u>9,690</u>	-	-

* 16 units were cancelled during the financial year as application fees relating to these units were not received from investors.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

5. Net assets attributable to interest holders (continued)

Capital risk management

The Scheme considers its net assets attributable to interest holders as capital, notwithstanding net assets attributable to interest holders are classified as a liability.

The Scheme issued interests for \$Nil consideration and hence there are no amounts which are managed as capital by the Scheme. As previously stated forestry investments associated with the projects are the property of the individual interest holders and are not considered Scheme property.

The Responsible Entity has received fees of \$2,320 per interest (excluding GST) as plantation establishment fees and is responsible for establishment and maintenance of the forestry investments.

6. Distributions to interest holders

No distributions were paid/payable to interest holders during the financial year (Period ended 2010: \$Nil).

7. Related party disclosures

Responsible Entity

The Responsible Entity of the Macquarie Eucalypt Project 2010 is Macquarie Alternative Assets Management Limited (a wholly owned subsidiary of Macquarie Group Limited).

Key management personnel

(a) Responsible Entity

The Responsible Entity was the only key management personnel for the financial year. The following persons have held offices as Directors of Macquarie Alternative Assets Management Limited during the financial year ended 30 June 2011:

Antony Clubb (appointed on 11 February 2011)
Simone Alison Mosse (resigned on 11 February 2011)
Anthony Abraham
Peter Bruce Lucas
William Dudley Fox (appointed on 27 September 2011)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly, during the financial year.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

7. Related party disclosures (continued)

Related party and key management personnel interest holdings

No interests were held by the parties related to the Scheme (including the Responsible Entity, its Directors, its affiliates and other Schemes managed by the Responsible Entity) (Period ended 2010: Nil).

Key management personnel compensation

Payments, if any, made from the Scheme to the Responsible Entity do not include any amounts directly attributable to the compensation of Directors of the Responsible Entity.

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity or its Directors or their personally related entities at any time during the reporting period.

Other transactions within the Scheme

Apart from those details disclosed in this note, no Director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Responsible Entity's fees

The Responsible Entity did not receive any fees from the Scheme during the financial year ended 30 June 2011 (Period ended 2010: \$Nil).

All expenses in connection with the preparation of accounting records and the maintenance of the interest register have been fully borne by the Responsible Entity.

All related party transactions are conducted on normal commercial terms and conditions. There were no transactions during the financial year or amounts payable at the end of the financial year between the Scheme and the Responsible Entity.

MACQUARIE EUCALYPT PROJECT 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

8. Reconciliation of cashflows from operating activities to net profit for the year/ period

	Year ended 2011 \$	Period ended 2010 \$
(a) Reconciliation of profit/(loss) to net cash provided by/(used in) operating activities		
Profit/(loss) for the year/period	-	-
Increase/(decrease) in net assets attributable to interest holders	-	-
Distribution made to interest holders	-	-
(Increase)/decrease in receivables	-	-
Increase/(decrease) in payables	-	-
Net cash provided by/(used in) operating activities	<u>-</u>	<u>-</u>

(b) Non-cash financing activities

The Scheme did not engage in any non-cash financing and investment activities during the financial year (Period ended 2010:\$Nil).

9. Commitments and contingencies

There are no commitments or contingencies at the reporting date (Period ended 2010: None).

10. Events after balance date

Since 30 June 2011 there have been no other matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may affect the Scheme (Period ended 2010: None).

MACQUARIE EUCALYPT PROJECT 2010

Directors' Declaration

30 June 2011

In accordance with a resolution of the Directors of Macquarie Alternative Assets Management Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 6 to 17 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 2011 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2.1).

On behalf of the board.

.....
Director
Sydney
28 September 2011

Anthony Clubb

Independent auditor's report to the unitholders of Macquarie Eucalypt Project 2010

We have audited the accompanying financial report of Macquarie Eucalypt Project 2010 (the "scheme"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view 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 responsible entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

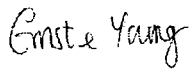
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included with the directors' report.

Opinion

In our opinion:

- a. the financial report of Macquarie Eucalypt Project 2010 is 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 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.


Ernst & Young


Clare Sporle
Partner
Sydney
28 September 2011