

2007 Macgrove Project

ARSN 119 560 235

Interim Financial Report

For the Half-Year Ended

31 December 2015

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2007 Macgrove Project
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Interim Financial Report
for the Half-Year Ended 31 December 2015

Directors' Report

The Directors of Huntley Management Limited ACN 089 240 513 ('the Responsible Entity') submit herewith the financial report of the 2007 Macgrove Project for the half-year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

1. Directors of Responsible Entity

The following persons were directors of the Responsible Entity during the whole of the half-year up to the date of this report, unless otherwise stated:

John H. Knox
Stephen L. Law
Brian Silvia
Craig James (alternate for Brian Silvia)
Peter P. Krejci

2. Operating Results

Total income for the half-year \$659,664 (31/12/14: \$354,461)
Total expenses for the half-year \$9,644 (31/12/14: \$37,122)
Profit attributable to Growers for the half-year \$650,020 (31/12/14: \$317,339)
Net profit for the half-year \$Nil (31/12/14: \$Nil)

3. Review of Operations

The principal activity of the Project during the financial period has been the growing, harvesting and marketing of macadamia nuts for commercial gain.

Macadamia nuts are harvested and delivered for processing during the period March to August each year. This results in the production year being split between two financial years. The following is a table of the nut in shell ('NIS') production for the 2014 year and 2015 year:

	Half-year ended 31 December 2015	Year ended 30 June 2015	Year ended 30 June 2014	Total	Total per Macgrove
	NIS Kilograms	NIS Kilograms	NIS Kilograms	NIS Kilograms	NIS Kilograms
Production year 2014	-	78,733	316,128	394,861	682
Production year 2015	96,431	306,253	-	402,684	695

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Directors' Report

3. Review of Operations (cont'd)

The Project is a registered managed investment scheme domiciled in Australia, registered and regulated in accordance with Chapter 5C of the *Corporations Act 2001* and the Project's Constitution.

During each year of the Project, each several Grower may pay annual fees to the Responsible Entity. These fees are not required to be paid into the Project agency account, as they do not comprise "scheme property".

Upon commencement of harvesting, the Responsible Entity is required to hold crop proceeds in the Project agency account on behalf of Growers out of which the Responsible Entity pays each Grower's share of applicable expenses and then distributes the balance remaining to the Growers in accordance with the Project Constitution.

4. Significant Change in State of Affairs

During the half-year there was no significant change in the state of the affairs of the Project.

5. Distributions

Distributions provided for during the half-year were \$650,020, being \$1,123 per Macgrove (31/12/14: \$317,339, being \$548/ Macgrove). Distributions paid to Growers during the half-year were \$1,626,990, being \$2,810 per Macgrove (31/12/14: \$1,305,645, being \$2,255/ Macgrove).

6. Details of Interests

Number of Interests in the Project held by the	
Responsible Entity or its Associates as at 31 December 2015	Nil
Interests in the Project issued during the period	Nil
Withdrawals from the Project during the period	Nil
Interests in the Project	579

7. After Balance Date Events

On 25 January 2016, notice was given to the Growers by Huntley Management Limited as Responsible Entity of the Project, that a meeting of Growers would be held at the Offices of McCullough Robertson Lawyers, Level 32, MLC Building 19 Martin Place Sydney, NSW on 24 February 2016 at 10.00am to consider a resolution to appoint Rural Funds Management Limited ACN 077 492 838 as Responsible Entity of the Project. Growers have also been asked to consider a resolution approving amendments to the Project's Constitution as put forward by Rural Funds Management Limited.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected or may significantly affect, the operations of the Project, the results of the Project, or the state of affairs of the Project in future financial periods.

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Directors' Report

8. Fees Payable to the Responsible Entity & Associates

In respect of the financial year ending 30 June 2016, Huntley Management Limited is entitled to receive:

- Management fees in accordance with the Grower Management Agreement of \$2,242 per Macgrove (2015: \$2,211 per Macgrove) (GST exclusive), being total management fees of \$1,297,886 (2015: \$1,279,969). The Project operating expenses are paid from these management fees.
- Land rent in accordance with the Grower Sub-Lease of \$831 per Macgrove (2015: \$820 per Macgrove) (GST exclusive), being a total of \$481,254 (2015: \$474,612). The Project land lease rent is paid from the sub-lease rents.
- Recovery of expenses in accordance with the Grower Sub-Lease, which are charged to Growers during the second half of the year (2015: \$99/Macgrove, total recovery of expenses of \$57,437) (GST Free). The Project council rates and water rates are paid from these fees.
- Adjustment to actual operating expenses in accordance with the Grower Management Agreement, which are charged to all Growers during the second half of the year (2015: \$88 per Macgrove, being total fees of \$50,952) (GST exclusive). The balance of the Project operating expenses are paid from these management fees.

These management fees and rent are payable by each Grower individually from their own assets.

Huntley Custodians Limited

Huntley Custodians Limited and Huntley Management Limited are wholly owned subsidiaries of BRI Ferrier (NSW) Pty Ltd ACN 128 947 848.

In respect of the half-year ended 31 December 2015, Huntley Custodians Limited was entitled to receive \$5,370 (GST exclusive) from Huntley Management Limited to act as custodian (31/12/14: \$5,285). The custodian fees were not payable from Project property.

9. Independence Declaration by Auditor

The Project has been provided with a declaration of the auditor's independence as required by section 307C of the *Corporations Act 2001* which is included at page 5 of this financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity, Huntley Management Limited.



JOHN KNOX
Director

SYDNEY NSW
Date: 12 February 2016



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Chartered Accountants

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Geoffrey Finall C.A. Reg. Company Auditor

GFC – TaxDirect Pty Ltd
ABN 35 082 576 636

2007 MACGROVE PROJECT

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of 2007 Macgrove Project for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

GEOFFREY FINALL

Chartered Accountant
Bathurst, NSW
12 February, 2016



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for the Half-Year Ended 31 December 2015

Directors' Declaration

The Directors of the Responsible Entity declare that, in the Directors' opinion:

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with accounting standards; and
 - (ii) giving a true and fair view of the Project's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity, Huntley Management Limited.



JOHN KNOX
Director

SYDNEY NSW
Date: 12 February 2016

2007 Macgrove Project
ARSN 119 560 235
Condensed Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2015

	Half- year Ended 31 Dec 2015 \$	Half- year Ended 31 Dec 2014 \$
Sales revenue		
Sales	<u>655,978</u>	<u>346,882</u>
Cost of sales		
Opening Stock	-	(27,400)
Closing Stock	<u>-</u>	<u>-</u>
Cost of sales	-	(27,400)
Gross Profit	<u>655,978</u>	<u>319,482</u>
Other income		
Freight subsidy	1,144	2,681
Interest income	<u>2,542</u>	<u>4,898</u>
	3,686	7,579
Total income	<u>659,664</u>	<u>327,061</u>
Expenses		
Industry levy	8,440	6,980
Bank fees	60	60
Freight	<u>1,144</u>	<u>2,682</u>
	9,644	9,722
Profit before income tax expense	650,020	317,339
Income tax expense	<u>-</u>	<u>-</u>
Profit attributable to Growers	<u>650,020</u>	<u>317,339</u>
Finance costs attributable to Growers		
Provision for distribution to Growers	<u>(650,020)</u>	<u>(317,339)</u>
Net Profit attributable to Growers	<u>-</u>	<u>-</u>
Other comprehensive income for the half-year	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these condensed financial statements.

2007 Macgrove Project
ARSN 119 560 235
Condensed Statement of Financial Position
As at 31 December 2015

	31 Dec 2015 \$	30 June 2015 \$
Current Assets		
Cash and cash equivalents	230,901	279,927
Trade and other receivables	117,704	1,049,569
Inventory	-	-
Total Assets	<u>348,605</u>	<u>1,329,496</u>
Current Liabilities		
Trade and other payables	-	3,920
Provisions	348,605	1,325,576
Total Liabilities	<u>348,605</u>	<u>1,329,496</u>
Net Assets attributable to Growers	<u>-</u>	<u>-</u>
Liabilities attributable to Growers	<u>-</u>	<u>-</u>
Net Assets	<u>-</u>	<u>-</u>

The accompanying notes form part of these condensed financial statements.

2007 Macgrove Project
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Condensed Statement of Changes in Equity
For the Half-Year Ended 31 December 2015

	Project Equity \$	Retained Earnings \$	Total \$
Balance at 1 July 2014	-	-	-
Profit for the half-year	-	-	-
Other comprehensive income for the half-year	-	-	-
Balance at 31 December 2014	-	-	-
Balance at 1 July 2015	-	-	-
Profit for the half-year	-	-	-
Other comprehensive income for the half-year	-	-	-
Balance at 31 December 2015	-	-	-

The accompanying notes form part of these condensed financial statements.

2007 Macgrove Project
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Condensed Statement of Cash Flows
for the Half-Year Ended 31 December 2015

	Half- year ended 31 Dec 2015 \$	Half- year ended 31 Dec 2014 \$
Cash flows from operating activities		
Receipts from Customers	1,580,546	1,015,989
Interest received	2,542	4,898
Payments to Suppliers	<u>(5,124)</u>	<u>(9,732)</u>
Net cash provided by operating activities	<u>1,577,964</u>	<u>1,011,155</u>
Cash flows from financing activities		
Distributions paid	<u>(1,626,990)</u>	<u>(1,267,310)</u>
Net cash used in financing activities	<u>(1,626,990)</u>	<u>(1,267,310)</u>
Net decrease in cash and cash equivalents held	(49,026)	(256,155)
Cash and cash equivalents at the beginning of the financial period	<u>279,927</u>	<u>325,361</u>
Cash and cash equivalents at the end of the financial period	<u>230,901</u>	<u>69,206</u>

The accompanying notes form part of these condensed financial statements.

2007 Macgrove Project
ARSN 119 560 235
Notes to the Interim Financial Statements
for the Half-Year Ended 31 December 2015

1. Summary of accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 “Interim Financial Reporting”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year condensed financial report does not include notes of the type normally included within an annual financial report and should be read in conjunction with the annual financial report as at 30 June 2015.

Basis of Preparation

The half-year condensed financial statements have been prepared on the basis of historical cost and, except where stated, do not take into account changing money values or current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Project’s financial statements for the year ended 30 June 2015, except for the impact of the Standards and Interpretations described below.

At the commencement of the Project, each several Grower paid to the Responsible Entity subscription monies. In accordance with the Project Constitution, the Responsible Entity was required to hold the subscription monies in a separate trust account as “scheme property” until the Responsible Entity had accepted the application and satisfied the conditions set out in the Project Constitution relating to the release of application monies. Upon release, the subscription monies were applied to the payment of initial Project management fees.

During each year of the Project, each several Grower may pay annual fees to the Responsible Entity. These fees are not required to be paid into the Project agency account as they do not comprise “scheme property”.

The Responsible Entity is required to hold crop proceeds in the Project agency account on behalf of Growers, out of which the Responsible Entity pays each Grower’s share of applicable expenses and then distributes the balance remaining to the Growers in accordance with the Project Constitution. As the crop proceeds are paid into the Project agency account they comprise ‘scheme property’.

The scope of these financial statements is limited to transactions in the Project agency account.

2007 Macgrove Project
ARSN 119 560 235
Notes to the Interim Financial Statements
for the Half-Year Ended 31 December 2015

1. Summary of accounting policies (cont'd)

Accounting Standards not Previously Applied

The Project has adopted the following new and revised Accounting Standard issued by the AASB which are mandatory to apply to the current interim period. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Project's accounting policies and has no effect on amounts reported for the current or prior half-years.

- *AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'* completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. The effective date of the amendment is reporting periods beginning on or after 1 July 2015.

2. Events Subsequent to Balance Date

On 25 January 2016, notice was given to the Growers by Huntley Management Limited as Responsible Entity of the Project, that a meeting of Growers would be held at the Offices of McCullough Robertson Lawyers, Level 32, MLC Building 19 Martin Place Sydney, NSW on 24 February 2016 at 10.00am to consider a resolution to appoint Rural Funds Management Limited ACN 077 492 838 as Responsible Entity of the Project. Growers have also been asked to consider a resolution approving amendments to the Project's Constitution as put forward by Rural Funds Management Limited.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected or may significantly affect, the operations of the Project, the results of the Project, or the state of affairs of the Project in future financial periods.

2007 Macgrove Project
ARSN 119 560 235
Notes to the Interim Financial Statements
for the Half-Year Ended 31 December 2015

1. Summary of accounting policies (cont'd)

Accounting Standards not Previously Applied

The Project has adopted the following new and revised Accounting Standard issued by the AASB which are mandatory to apply to the current interim period. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Project's accounting policies and has no effect on amounts reported for the current or prior half-years.

- *AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'* completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. The effective date of the amendment is reporting periods beginning on or after 1 July 2015.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
2007 MACGROVE PROJECT

We have reviewed the accompanying half-year financial report of 2007 Macgrove Project ("the Scheme"), which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the director's declaration.

Director's Responsibility for the Half-Year Financial Report

The directors of Huntley Management Limited, the Responsible Entity of the scheme, 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 control as the directors determine is 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 Australian 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: give a true and fair view of the registered scheme's financial position as at 31 December 2015 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 the Scheme, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the



directors of Huntley Management Limited, would be in the same terms if given to the directors as at the same time of this auditor's report.

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 2007 Macgrove Project is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December, 2015 and of its performance for the half- year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;



GEOFFREY FINALL

Chartered Accountant

12th February, 2016

Bathurst NSW

