

# **2007 Macgrove Project**

ARSN 119 560 235

**Financial Report**

**For The Year Ended**

**30 June 2012**

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**2007 Macgrove Project**  
**ARSN 113 969 216**  
**Directors' Report**  
**For the Year Ended 30 June 2012**

The Directors of Huntley Management Limited ACN 089 240 513 ('the Responsible Entity') submit herewith the financial report of the 2007 Macgrove Project ('the Project') for the year ended 30 June 2012. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

**1. Directors**

The names of the Directors of the Responsible Entity and the previous Responsible Entity during and since the end of the financial year are:

**Huntley Management Limited (appointed 14 June 2012)**

John H. Knox  
 Stephen L. Law  
 Francis G. Swain

**Maccacorp Limited (replaced 14 June 2012)**

Donald Ross  
 Brian Gerrard Grant  
 Christopher Lomax

**2. Company Secretaries**

The name of each person who was a company secretary of Huntley Management Limited at year end are:  
 Stephen L. Law  
 William J. Foxall

No director or officer of Huntley Management Limited was or has been a partner or director of the audit firm.

**3. Principal Activities**

The principal activity of the Project during the financial year 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 production for the 2011 year and 2012 year (to 30 June 2012):

	Year ended 30 June 2012	Year ended 30 June 2011	Total	Total per Macgrove
	NIS Kilograms	NIS Kilograms	NIS Kilograms	NIS Kilograms
Production year 2011	6,480	64,562	71,042	122
Production year 2012	148,410	-	148,410	256
<b>Total</b>	<b>154,890</b>			
<b>Total per Macgrove</b>	<b>267</b>			

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**4. Operating Results**

Total income for the year	\$571,567 (2011: \$211,806)
Total expenses for the year	\$14,542 (2011: \$5,319)
Profit attributable to Growers	\$557,025 (2011: \$206,487)
Total Assets at 30 June 2012	\$518,775 (2011: \$128,203)

**5. Distributions**

Distributions provided for during the year were \$557,025 (2011: \$206,487). A distribution of \$170,879, being \$295 per Macgrove, was paid during the year ended 30 June 2012 (2011: \$78,284).

**6. Review of Operations**

The principal activity of the Project during the financial year was to continue to grow, harvest and market the macadamia nuts produced from the Project's macadamia orchards.

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".

On 14 June 2012, Huntley Management Limited was appointed as responsible entity of the Project. Huntley Management Limited has appointed Maccmanagement Pty Ltd as the Operational Manager for the Project.

Huntley Management Limited has been provided with an Orchard Services report from Maccmanagement Pty Ltd for the period January to June 2012. The report indicated that the trees are doing well and that weeds and pests continue to be kept under control. The report also states the harvest is progressing well despite a late start. This report is available from Huntley Management Limited's website [www.huntleygroup.com.au](http://www.huntleygroup.com.au).

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.

The Project did not have any employees during the year.

**7. Significant Change in State of Affairs**

During the financial year there was no significant change in the state of the affairs of the Project

**8. After Balance Date Events**

During August 2012, a distribution of \$248,322, being \$429 per Macgrove, was paid to Growers.

Since 30 June 2012, no other matters or circumstances have arisen which significantly affected or could significantly affect the operations of the Project, or the results of those operations, or the state of affairs of the Project in future financial years.

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**For the Year Ended 30 June 2012**

**9. Future Developments**

There are no likely developments in the operations, or expected results of those operations, of the Project other than the continuing discharge of the Responsible Entity's and Growers' obligations pursuant to the relevant agreements and the Constitution.

**10. Details of Macgroves**

Number of Macgroves in the Project held by the Responsible Entity or its Associates as at 30 June 2012	Nil
Macgroves in the Project issued during the period	Nil
Withdrawals from the Project during the period	Nil
Macgroves in the Project as at 30 June 2012	579

**11. Macgrove Options**

No options over issued or unissued Macgroves in the Project were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

**12. Remuneration of the Responsible Entity & Associates**

**Maccacorp Limited – Former Responsible Entity**

In respect of the financial year ended 30 June 2012, Maccacorp Limited was entitled to receive:

- Management fees in accordance with the Grower Management Agreement of \$768 per Macgrove (2011: \$742) (GST exclusive), being total management fees of \$1,199,688 (2011: \$1,158,000). The Project operating expenses are paid from these management fees.
- Land rent in accordance with the Grower Sub-Lease of \$2,072 per Macgrove (2011: \$2,000) (GST exclusive), being a total of \$444,846 (2011: \$429,386). The Project land lease rent is paid from the sub-lease rents.

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

**Huntley Management Limited – Current Responsible Entity**

In respect of the financial year ended 30 June 2012, Huntley Management Limited was not entitled to receive management fees or land rent due to the timing of the change in the Responsible Entity. These fees are payable by each Grower individually from their own assets.

Huntley Custodians Limited was entitled to receive \$657 (GST exclusive) from Huntley Management Limited to act as custodian for the Project from 15 June 2012 to 30 June 2012. The custodian fees were not payable from Project property.

**13. Environmental Regulation**

The Operational Manager had adequate systems and controls in place for the management of the Project's environmental regulation requirements.

**2007 Macgrove Project**  
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**For the Year Ended 30 June 2012**

**14. Directors' and Auditor's Indemnification - Huntley Management Limited**

During or since the end of the financial year the Responsible Entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Responsible Entity has paid premiums;
  - to insure directors and officers against legal defence costs resulting from a claim alleging a wrongful act arising from their conduct whilst acting in good faith on behalf of the Responsible Entity ; and,
  - To indemnify directors and officers to the extent permitted by the *Corporations Act 2001* against losses, which are legally insurable, resulting from alleged wrongful acts whilst acting in good faith on behalf of the Responsible Entity.

The above coverage is provided as part of an insurance package, the premiums payable in respect of that insurance package are not to be disclosed.

The Responsible Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Responsible Entity or of any related body corporate against a liability incurred as auditor.

The Project has not directly indemnified or insured officers of the Responsible Entity or the auditor.

**15. Audit Declaration of Independence**

The Project has been provided with a declaration of the auditor's independence as required by section 307C of the *Corporations Act 2001* included at page 6 of this financial report.

Signed in accordance with a resolution of the directors of the Responsibility Entity made pursuant to s.298(2) of the *Corporations Act 2001*.

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



**John H. Knox**  
Director

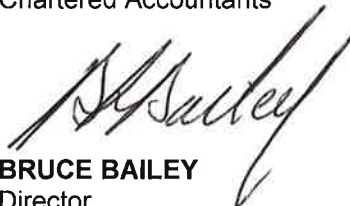
Sydney NSW  
Date: 31 October 2012

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of 2007 Macgrove Project for the year ended 30 June 2012, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**GUILD AUDIT SERVICES PTY LIMITED**  
Chartered Accountants



**BRUCE BAILEY**  
Director

**Sydney, NSW**

Dated: 21/10/12

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Directors' Declaration**  
**For the Year Ended 30 June 2012**

In accordance with a resolution of the Directors of the Responsible Entity, Huntley Management Limited A.C.N. 089 240 513, the Directors declare that:

- (i) there are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable;
- (ii) the attached financial statements are in compliance with the International Financial Reporting Standards, as stated in Note 1(a) to the financial statements; and
- (iii) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and financial performance of the Project.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

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



**John H. Knox**  
Director

Sydney NSW  
Date: 31 October 2012



**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Statement of Comprehensive Income**  
**for the Year Ended 30 June 2012**

	NOTE	2012 \$	2011 \$
<b>Revenue</b>			
Sales		571,563	211,806
Interest		4	-
<b>Total</b>		<b>571,567</b>	<b>211,806</b>
 <b>Expenses</b>			
Industry Levy		14,542	5,319
<b>Total</b>		<b>14,542</b>	<b>5,319</b>
 Profit before income tax expense		557,025	206,487
Income tax expense	1(ix)	-	-
<b>Profit attributable to Growers</b>		<b>557,025</b>	<b>206,487</b>
<b>Finance costs attributable to Growers</b>			
Provision for distributions to Growers		(557,025)	(206,487)
 <b>Total Changes in Project Property</b>		-	-
 Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Statement of Financial Position**  
**As at 30 June 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5(ii)	197,065	-
Trade and other receivables	2	321,710	128,203
<b>TOTAL CURRENT ASSETS</b>		<u>518,775</u>	<u>128,203</u>
<b>TOTAL ASSETS</b>		<b>518,775</b>	<b>128,203</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3	4,426	-
Provisions	4	514,349	128,203
<b>TOTAL CURRENT LIABILITIES</b>		<u>518,775</u>	<u>128,203</u>
<b>TOTAL LIABILITIES</b>		<b>518,775</b>	<b>128,203</b>
<b>NET ASSETS ATTRIBUTABLE TO GROWERS</b>		<u>-</u>	<u>-</u>
Liabilities attributable to Growers		<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2012**

	<b>Project Equity</b>	<b>Retained</b>	<b>Total</b>
	<b>\$</b>	<b>Earnings</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>
<b>Balance at 1 June 2010</b>	-	-	-
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2011</b>	-	-	-
<b>Balance at 1 July 2011</b>	-	-	-
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2012</b>	-	-	-

The accompanying notes form part of these financial statements.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Statement of Cash Flows**  
**for the Year Ended 30 June 2012**

	NOTE	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		363,514	78,284
Interest received		4	-
Payments to Growers		-	-
		<hr/>	<hr/>
Net cash provided by operating activities	5(i)	363,518	78,284
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash from investing activities		-	-
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distributions paid		(166,453)	(78,284)
		<hr/>	<hr/>
Net cash from financing activities		(166,453)	(78,284)
		<hr/>	<hr/>
Net increase in cash and cash equivalents held		197,065	-
Cash and cash equivalents at the beginning of the year		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	5(ii)	197,065	-
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies**

**(a) Basis of Accounting**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, comply with other requirements of the law and the Constitution of the 2007 Macgrove Project ('the Project'). Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with the AIFRS ensures that the financial statements and notes of the Project comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 31 October 2012.

The financial statements have been prepared on an accruals basis and are based on historical costs 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.

In the application of AIFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented in these financial statements.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies (cont'd)**

**(b) New accounting standards for adoption in future periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Project has decided not to early adopt. A discussion of those future requirements and their impact on the Project is as follows:

- **AASB 9 *Financial Instruments*** and its associated amending standards specify new recognition and measurement requirements for financial assets within the scope of AASB 139. Broadly, the amendments require financial assets to be measured at fair value through profit and loss unless the criteria for amortised cost measurement are met or the Project qualifies or elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. The Directors of the Responsible Entity consider that AASB 9 will have minimal impact on the Project's financial assets. The effective date of the amendments is reporting periods beginning on or after 1 January 2013.
- **AASB 13 *Fair Value Measurement*** and its associated amending standards consolidates the existing AASB standards regarding fair value measurement into one standard. The standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The effective date of the amendments is reporting periods beginning on or after 1 January 2013.
- **AASB 2011-4 *'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'*** Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the *Corporations Act 2001*.
- **AASB 2011-9: *'Amendments to Australian Accounting Standards Presentation of Items in Other Comprehensive Income'***. The main change arising from this Standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit and loss subsequently. This Standard affects presentation only and is not expected to significantly impact the Project. Amendments are applicable for annual reporting periods commencing on or after 1 July 2012.

**(c) Significant accounting policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**i. Revenue Recognition**

Crop proceeds are recognised as revenue when the crop is delivered. The sale consideration adopted is the Notional Consignment Value advised by the purchaser, Macadamia Processing Co Limited.

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies (cont'd)**

- ii. Expenditure**  
Any expenditure detailed in the statement of comprehensive income is incurred pursuant to the Project's Constitution on behalf of each Grower severally. Any such expenditure is apportioned to each Grower in accordance with the relevant provisions of the Constitution.
- iii. Receivables**  
Receivables are recorded at amortised cost less impairment.
- iv. Borrowings**  
Borrowings are initially recorded at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.
- v. Goods and Services Tax (GST)**  
Revenues, expenses and assets are recognised inclusive of the amount of goods and services tax (GST). Cash flows are included in the cash flow statement on a gross basis. The recoverability of GST depends upon the Grower's individual registration status.
- vi. Cash and Cash Equivalents**  
Cash and cash equivalents comprise cash on hand and cash in banks, net of any outstanding bank overdrafts.
- vii. Presentation Currency**  
The Project's functional currency is Australian dollars and all amounts presented in the financial statements are in Australian dollars.
- viii. Distributions**  
In accordance with the Project's Constitution, the Project fully distributes its distributable income to Growers by way of cash.
- ix. Income Tax**  
The Project is not a taxable entity under current income tax legislation. Accordingly no income tax expense or income tax liability has been recorded.
- x. Significant Management Judgement**  
The Responsible Entity has determined to recognise revenue from the sale of the crop at the Notional Consignment Value ('NCV') advised by the purchaser, Macadamia Processing Co Limited. The NCV is based upon a notional price of \$3.10/ kg assuming a 10% nut in shell ('NIS') moisture content and 33% usable kernel recovery. The NCV may be adjusted for variations in moisture content, kernel recovery and other NIS specifications. Additionally, the Terms and Conditions of the Nut In Shell Purchase agreement states that payments will be based upon a Notional Price only and all prices are therefore subject to change at the discretion of the Board. On the basis of historical experience of the notional price not being materially altered during a season, the Responsible Entity has determined to adopt the advised NCV for reporting proceeds and levies from the sale of the crop. Any changes in the NCV will be adjusted in the subsequent reporting period when actuals are determined by receipt.

**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies (cont'd)**

**xi. Scope of Transactions**

At the commencement of the Project, each several Grower paid to the Responsible Entity application monies. In accordance with the Project Constitution, the Responsible Entity was required to hold the application 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.

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 Proceeds account as they do not comprise "scheme property".

Upon commencement of harvesting, the Responsible Entity is required to hold crop proceeds in the Project Proceeds 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. The crop proceeds paid into the Project Proceeds account comprise 'scheme property'.

The scope of these financial statements is limited to transactions relating to scheme property in the Project Proceeds account.

**xii. Change in Accounting Policy**

Under the previous Responsible Entity the annual management fees and rent receivable from Growers were included in the Project's financial statements and transacted through the Project's Proceeds account. The responsible entity management fees and rent expenses were paid from the Project's Proceeds account from the fees banked into that account. As detailed above at (xi) Scope of Transactions, these fees are receivable by the Responsible Entity, and the expenses are payable by the Responsible Entity and are outside the scope of scheme property reported upon in the Project financial statements. The change in accounting policy removes these transactions from the Project financial statements. The fees payable to the Responsible Entity are disclosed in the notes to the financial statements. The management fees and rent are payable by Growers from their own assets.

Under the previous Responsible Entity, Maccacorp Limited, the harvest proceeds were included in the project's financial statements on a cash basis, net of compulsory Australian Macadamia Industry Levies. As detailed above at Note 1, these financial statements have been prepared on an accruals basis. Also, as stated at (i) Revenue Recognition, the harvest proceeds are recognised upon delivery of the macadamia nuts. The compulsory levies are now disclosed separately as an expense item.

The aggregate effect of the change in accounting policies on the annual financial statements for the year ended 30 June 2012 is as follows:



**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies (cont'd)**

**xii. Change in Accounting Policy (cont'd)**

	<b>Previous Policy \$</b>	<b>2012 Adjustment \$</b>	<b>Revised Policy \$</b>
<b>Statement of Comprehensive Income</b>			
Sales	363,514	208,049	571,563
Management fees	1,199,688	(1,199,688)	-
Rent	444,846	(444,846)	-
Interest	<u>4</u>	<u>-</u>	<u>4</u>
<b>Total Revenue</b>	<b><u>2,008,052</u></b>	<b><u>(1,436,485)</u></b>	<b><u>571,567</u></b>
Management fees	1,199,688	(1,199,688)	-
Rent	444,846	(444,846)	-
Industry levy	<u>-</u>	<u>14,542</u>	<u>14,542</u>
<b>Total Expenses</b>	<b><u>1,644,534</u></b>	<b><u>(1,629,992)</u></b>	<b><u>14,542</u></b>
<b>Profit before income tax</b>	<b><u>363,518</u></b>	<b><u>193,507</u></b>	<b><u>557,025</u></b>
<b>Profit attributable to Growers</b>	<b>363,518</b>	<b>193,507</b>	<b>557,025</b>
Provision for Distribution to Growers	<u>(363,518)</u>	<u>(193,507)</u>	<u>(685,228)</u>
<b>Total Comprehensive Income</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Statement of Financial Position</b>			
Trade & other receivables	-	321,710	321,710
Provision for distribution	192,639	321,710	514,349

**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**1. Summary of accounting policies (cont'd)**

**xii. Change in Accounting Policy (cont'd)**

	<b>Previous Policy \$</b>	<b>2011 Adjustment \$</b>	<b>Revised Policy \$</b>
<b>Statement of Comprehensive Income</b>			
Sales	78,284	133,522	211,806
Management fees	1,158,000	(1,158,000)	-
Rent	<u>429,386</u>	<u>(429,386)</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>1,665,670</u></b>	<b><u>(1,453,864)</u></b>	<b><u>211,806</u></b>
Management fees	1,158,000	(1,158,000)	-
Rent	429,386	(429,386)	-
Industry levy	<u>-</u>	<u>5,319</u>	<u>5,319</u>
<b>Total Expenses</b>	<b><u>1,587,386</u></b>	<b><u>1,582,067</u></b>	<b><u>5,319</u></b>
<b>Profit before income tax</b>	<b><u>78,284</u></b>	<b><u>128,203</u></b>	<b><u>206,487</u></b>
<b>Profit attributable to Growers</b>	<b>78,284</b>	<b>128,203</b>	<b>206,487</b>
Provision for Distribution to Growers	<u>(78,284)</u>	<u>(128,203)</u>	<u>(203,176)</u>
<b>Total Comprehensive Income</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>Statement of Financial Position</b>			
Cash and cash equivalents	178,926	(178,926)	-
Trade & other receivables	-	128,203	128,203
Trade & other payables	178,926	(178,926)	-
Provision for distribution	-	128,203	128,203

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

	2012	2011
	\$	\$
<b>2. Trade &amp; other receivables</b>		
Trade Debtor	321,710	128,203
	<b>321,710</b>	<b>128,203</b>
<b>Closing balance</b>	<b>321,710</b>	<b>128,203</b>

The trade debtor balance is comprised of the amount receivable from Macadamia Processing Co Limited for nuts delivered as at 30 June.

See Note 1. (xii) Change in Accounting Policy.

<b>3. Trade &amp; other payables</b>		
Distribution payable to Growers	4,426	-
	<b>4,426</b>	-
<b>Closing balance</b>	<b>4,426</b>	-

<b>4. Provisions</b>		
<b>Provision for distribution</b>		
Opening balance	128,203	-
Distributions provided for	557,025	206,487
Distributions paid	(170,879)	(78,284)
	<b>514,349</b>	<b>128,203</b>
<b>Closing balance</b>	<b>514,349</b>	<b>128,203</b>

See Note 1. (xii) Change in Accounting Policy.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>5. Notes to the cash flow statement</b>		
<b>i) Reconciliation of net profit for the year to net cash provided by operating activities</b>		
Net Profit	557,025	206,487
Changes in net assets:		
(Increase)/decrease in receivables	(193,507)	(128,203)
Increase/(decrease) in payables	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>363,518</u>	<u>78,284</u>
<b>ii) Reconciliation of cash and cash equivalents</b>		
Huntley Custodians Limited – Proceeds Account	<u>197,065</u>	<u>-</u>
	<u>197,065</u>	<u>-</u>
See Note 1. (xii) Change in Accounting Policy.		
<b>6. Remuneration of auditors</b>		
Auditing or reviewing the financial report	5,000	4,500
Audit of compliance plan	<u>6,000</u>	<u>5,500</u>
	<u>11,000</u>	<u>10,000</u>

Audit fees are paid by the Responsible Entity  
The auditor of the Project is Guild Audit Services Pty Ltd

**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**7. Financial Risk Management**

The Projects activities may expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Project's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Project. The Responsible Entity provides principles for overall financial risk management, including policies described below covering specific areas such as interest rate risk, credit risk, foreign exchange risk, non derivative financial instrument risk and investment of excess liquidity.

**(a) Market risk**

**(i) Interest rate risk**

Interest rate risk relates only to interest on cash balances and it is not material. An increase or decrease in the interest rate during the year would not have a material impact on the Project's net profit or other equity reserves as this is passed on to the Growers.

**(ii) Foreign exchange risk**

The Project is not exposed to foreign exchange risk. The Project does not have any foreign currency denominated monetary assets or liabilities.

**(iii) Price risk**

The project is exposed to price risk, regarding the price that it receives for the nut in shell that is delivered to Macadamia Processing Co. Limited (MPC) and included in trade and other receivables. As per the 'Terms and Conditions of Nut in Shell Purchase for the 2012 Season' agreement with MPC, the payments are based on a notional price, and are subject to change at the discretion of MPC's Board of Directors.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Project. The credit worthiness of counterparties and collateral or other security is obtained where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is measured on a fair value basis.

During the year, the Project had significant credit risk exposure in respect of trade receivables to Macadamia Processing Co. Limited (MPC) who purchase the macadamias grown in the Project's orchards. MPC is the sole purchaser of the Macadamias produced by the Project. The credit risk exposure is the trade receivable balance. This risk is not unusual in the primary production industry and the risk is mitigated, to the extent possible, by monitoring that payments are made in accordance with terms, reconciling remittance returns and being alert to any indicators of heightened credit risk.

The credit risk on liquid funds once paid to the Project custodian is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The credit risk exposure to the Project custodian is mitigated by regular monitoring and reporting of Project assets and confirmation of agreed financial criteria.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
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**7. Financial Risk Management (cont'd)**

*(c) Liquidity risk management*

An appropriate liquidity risk management framework for the management of the Project's short, medium and long term requirements is in place. Liquidity risk is managed by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

*(d) Fair value estimation*

The carrying amount of financial assets and financial liabilities are considered to approximate their fair values.

*(e) Capital risk management*

In line with the Project's Constitution, the Project does not have capital.

**8. Related party information**

*(a) Related parties*

The related parties for the Project include:

- The Responsible Entity, Huntley Management Limited, which is a wholly owned entity of Huntley Consultancy Pty Ltd;
- The parent of the Responsible Entity, Huntley Consultancy Pty Ltd;
- Huntley Custodians Limited, the Custodian of the Project Property, which is also a wholly controlled entity of Huntley Consultancy Pty Ltd; and
- The directors and other key management personnel of the Responsible Entity and its Parent Entity and of the previous Responsible Entity.

*(b) Key management personnel*

The names of the key management personnel of the Project during or since the end of the year were:

Huntley Management Limited and Associated Entities

J Knox .....	Managing Director
S Law .....	Director
W Foxall .....	General Manager
F Swain.....	Director

Maccacorp Limited and Associated Entities

D Ross .....	Director
B Grant.....	Director
C Lomax.....	Director

The positions noted above for the Project's key management personnel are the positions held with the Responsible Entity or its Parent Entity and not the Project itself.

**2007 Macgrove Project**  
**ARSN 119 560 235**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**8. Related party information (continued)**

**(c) Transactions with Related Parties**

Transactions with, amounts receivable from and payable to related parties, and related party Project investments, occur within normal commercial terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

**Huntley Management Limited – Current Responsible Entity**

Huntley Custodians Limited is the custodian for the Project. Huntley Management Limited and Huntley Custodians Limited are both wholly owned subsidiaries of Huntley Consultancy Pty Ltd.

Huntley Management Limited and Huntley Custodians Limited do not hold any Interest in the Project. None of the directors of either Huntley Management Limited or Huntley Custodians Limited, or any of their associates, hold any Interest in the Project.

In respect of the financial year ended 30 June 2012, Huntley Management Limited was not entitled to receive management fees or land rent due to the timing of the change in the Responsible Entity. These fees are payable by each Grower individually from their own assets.

Huntley Custodians Limited was entitled to receive \$657 (GST exclusive) from Huntley Management Limited to act as custodian for the Project from 15 June 2012 to 30 June 2012. The custodian fees were not payable from Project property.

**Maccacorp Limited – Former Responsible Entity**

In respect of the financial year ended 30 June 2012, Maccacorp Limited was entitled to receive:

- Management fees in accordance with the Grower Management Agreement of \$768 per Macgrove (2011: \$742) (GST exclusive), being total management fees of \$1,199,688 (2011: \$1,158,000). The Project operating expenses are paid from these management fees.
- Land rent in accordance with the Grower Sub-Lease of \$2,072 per Macgrove (2011: \$2,000) (GST exclusive), being a total of \$444,846 (2011: \$429,386). The Project land lease rent is paid from the sub-lease rents.

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

**d. Key Management Personnel Compensation**

Remuneration of the KMP is paid directly by the Responsible Entity, Huntley Management Limited. The KMP do not receive any remuneration directly from the Project and there are no agreements in place between the KMP and the Project.

**2007 Macgrove Project**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2012**

**9. Subsequent Events**

During August 2012, a distribution of \$248,322, being \$429 per Macgrove, was paid to Growers.

Since 30 June 2012, no other matters or circumstances have arisen which significantly affected or could significantly affect the operations of the Project, or the results of those operations, or the state of affairs of the Project in future financial years.

**10. Additional Project Information**

The Project is a registered scheme, operating in Australia.

Principal Registered Office and Place of Business:

Huntley Management Limited  
Suite 301, Level 3  
37 Bligh Street  
SYDNEY NSW 2000  
Telephone: (02) 9233 5444



## INDEPENDENT AUDITOR'S REPORT

### TO THE GROWERS OF

### 2007 MACGROVE PROJECT

We have audited the accompanying financial report of 2007 Macgrove Project ("the Project"), which comprises the statement of financial position as at 30 June 2012, 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 notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the Responsible Entity, Huntley Management Limited, 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 is free from material misstatement, whether due to fraud or error. In Note 1, 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 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 judgement, 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 control relevant to the entity's 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 entity's internal control. 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 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 time of this auditor's report.

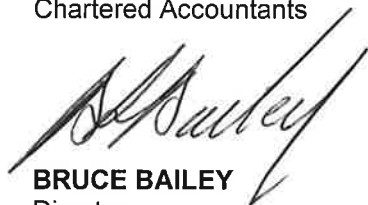
*Opinion*

In our opinion:

- (a) the financial report of 2007 Macgrove Project is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Project's financial position as at 30 June 2012 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 1.

**GUILD AUDIT SERVICES PTY LIMITED**

Chartered Accountants



**BRUCE BAILEY**  
Director

**Sydney, NSW**

Dated: 31/10/12