

Almond Fund 2006

Financial Statements

For the Half Year Ended 31 December 2012

RFM Almond Fund 2006

ARSN 117 859 391

Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 Level 2, 2 King Street DEAKIN ACT 2600 Telephone: 02 6203 9700 Facsimile: 02 6281 5077
Directors	David Bryant Michael Carroll Guy Paynter
Company Secretary	Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Auditors	Boyce Assurance Services Pty Limited 36 Bombala Street COOMA NSW 2630

RFM Almond Fund 2006

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Directors Report

31 December 2012

The Directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM Almond Fund 2006 ("AF06" or "the Scheme") present their report on the Scheme for the half year ended 31 December 2012.

Directors

The names of the Directors in office at any time during, or since the end of, the half year are:

David Bryant
Michael Carroll
Guy Paynter

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Results and Operations

Operating Results

The operating profit of the Scheme after providing for income tax amounted to \$ NIL (2011: \$NIL)

AF06 was established in 2006 to provide Growers with an opportunity to invest and participate in the business of growing and selling almonds. The Growers are licensed to operate an almond growing business for 20 years after which the revenue from their trees reverts to the lessor.

For the duration of the licence period, Growers are entitled to receive the net cashflows arising under the Scheme, being revenue from almond sales less Scheme costs. Prior to the almond trees reaching commercial maturity, which is expected to occur in 2013, Scheme costs will exceed revenues and the Growers are required to fund the shortfall. Once the revenues exceed the costs, the surplus will be distributed to Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, AF06 does not have net assets. The respective rights and obligations rest with the Growers.

Further information on the Scheme operations is detailed in note 1 (a)(i) on page 13.

Each Grove operated represents an area of 0.25 hectares. As at 31 December 2012, the Scheme had 166 Growers, with a total of 797 Groves representing 199.25 hectares.

The 2012 financial year was the fourth in which Growers were responsible for all operating, licence and management fees associated with their Grove. The details of the 2012 invoice are shown below.

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Directors Report

31 December 2012

Review of Results and Operations (continued)

Operating Results (continued)

	FY 2012 Final Invoice		
	Fee	GST	Total
	\$	\$	\$
Itemised Costs per Grove			
Management fee	190.93	19.09	210.02
Licence fee	1,069.16	106.92	1,176.08
Operating costs	2,563.41	256.34	2,819.75
Interest charges at BBSW plus 4%	108.94	-	108.94
Total	3,932.44	382.35	4,314.79
Less harvest proceeds from 2011 crop	(1,342.99)	-	(1,342.99)
Less RFM Price Management Plan	(1,163.75)	-	(1,163.75)
Plus: shortfall 2011 invoice	175.52	22.29	197.81
Total	1,601.22	404.64	2,005.86

Harvest proceeds are received in the financial year following harvest. Therefore the proceeds of the 2012 harvest, the Scheme's fourth harvest, are available for offset against the 2013 operating costs. The table below gives the details of the 2012 harvest with a comparison to the 2013 harvest estimates.

	Tonnes Per	
	Grove	Per Hectare
2012 Estimated harvest per original PDS	0.61	2.45
2012 Actual harvest	0.43	1.72
2013 Estimated harvest	0.85	3.39

In terms of the 2012 invoice, all Growers have either paid in full or made payment plan arrangements.

In accordance with the Constitution of the Scheme, when defaulting Growers have their Scheme interests cancelled, ownership of the Groves passes to the Responsible Entity, RFM. At 31 December 2012, RFM had ownership of 266 such Groves which do not form part of the Scheme.

Fees paid to the Responsible Entity

Fees paid and payable to the Responsible Entity for the financial half year ended 31 December 2012 were \$1,968,230 (2011: \$1,753,467). The fees paid are based on farm operating costs incurred by the Responsible Entity plus property licence fees, management fees and interest, as prescribed by the Scheme PDS for the half year ended 31 December 2012.

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Directors Report

31 December 2012

Review of Results and Operations (continued)

Scheme Assets

At 31 December 2012 the Scheme held assets to a total value of \$1,484,219 (2011: \$2,134,799) on behalf of growers. At balance date the Scheme had offsetting payables relating to the charge to Growers for their 2011/12 operating costs, management fees, licence fees and interest payable under the PDS.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Scheme during the half year.

After balance date events

No matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Scheme, the results of those operations or the state of affairs of the Scheme in future financial years.

Environmental matters

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

Indemnification of Directors and Officers

In accordance with the Scheme deed, AF06 indemnifies the Directors, Company Secretary and all other Officers of the Responsible Entity, when acting in those capacities, against costs and expenses in defending certain proceedings.

AF06 has not otherwise, during or since the financial half year, indemnified or agreed to indemnify an Officer of RFM or of any related body corporate against a liability incurred as such by an officer.

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Directors Report

31 December 2012

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the Auditor of AF06, Boyce Assurance Services Pty Limited, and can be found on page 17 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



David Bryant
Director

Dated: 25 February 2013

RFM Almond Fund 2006

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Independent Audit Review Report to the members of RFM Almond Fund 2006

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of RFM Almond Fund 2006, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in net assets attributable to growers and the 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 Directors of the responsible entity's declaration.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Responsible Entity are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of RFM Almond Fund 2006, 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

The review report relates to the financial report of the Scheme for the half year ended 31 December 2012 included on the website of Rural Funds Management Limited. The Directors of the Responsible Entity of the Scheme are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the responsible entity's website.

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



Knowledge. Insight. Experience.

RFM Almond Fund 2006

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Independent Audit Review Report to the members of RFM Almond Fund 2006

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*, has been provided to the Directors of the Responsible Entity of RFM Almond Fund 2006 on the date of this auditor's review 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 RFM Almond Fund 2006 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 2012 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



Katherine M Kelly
Director

Boyce Assurance Services Pty Limited

Cooma

Dated: 25 February 2013

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

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Directors' Declaration of the Responsible Entity

In accordance with a resolution of the Directors of the Responsible Entity of RFM Almond Fund 2006:

In the opinion of the Directors:

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

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

(ii) complying with Accounting Standards, Corporations Regulations 2001 and the Scheme's constitution; and

(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.

On behalf of the board



David Bryant
Director

Dated: 25 February 2013

RFM Almond Fund 2006

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Statement of Comprehensive Income

For the Half Year Ended 31 December 2012

		31 December 2012	31 December 2011
	Note	\$	\$
Revenue	2	1,968,230	1,753,467
Agribusiness operations		(1,354,386)	(1,134,681)
Land lease		(509,183)	(504,119)
Management fees		(85,789)	(88,826)
Finance costs		(18,872)	(25,841)
Net profit before income tax		-	-
Income tax expense		-	-
Net profit for the period		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the period		-	-

The accompanying notes form part of these financial statements.

RFM Almond Fund 2006

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Statement of Financial Position

31 December 2012

	31 December 2012	30 June 2012
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	80,844	77,594
Trade and other receivables	3 1,403,375	3,833,464
TOTAL CURRENT ASSETS	1,484,219	3,911,058
TOTAL ASSETS	1,484,219	3,911,058
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,484,219	3,911,058
TOTAL CURRENT LIABILITIES	1,484,219	3,911,058
TOTAL LIABILITIES (excluding net assets attributable to growers)	1,484,219	3,911,058
Net Assets attributable to growers	-	-
TOTAL LIABILITIES	1,484,219	3,911,058

The accompanying notes form part of these financial statements.

RFM Almond Fund 2006

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Statement of Changes in Net Assets Attributable to Growers

For the Half Year Ended 31 December 2012

31 December 2012

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2012	-	-
Profit attributable to the Scheme, net of tax	-	-
Total income and expense for the period	-	-
Balance at 31 December 2012	-	-

31 December 2011

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2011	-	-
Profit attributable to the Scheme, net of tax	-	-
Total income and expense for the period	-	-
Balance at 31 December 2011	-	-

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Half Year Ended 31 December 2012

	31 December 2012 \$	31 December 2011 \$
CASH FROM OPERATING ACTIVITIES:		
Receipts from customers	1,215,696	768,630
Contributions from growers	898,773	864,886
Payments to suppliers and employees	(2,046,940)	(2,306,511)
Interest received	591	6,421
Interest paid	(64,870)	(55,748)
Net cash by/(used in) operating activities	<u>3,250</u>	<u>(722,322)</u>
Net increase/(decrease) in cash and cash equivalents held	3,250	(722,322)
Cash and cash equivalents at beginning of period	77,594	796,011
Cash and cash equivalents at end of period	<u><u>80,844</u></u>	<u><u>73,689</u></u>

The accompanying notes form part of these financial statements.

RFM Almond Fund 2006

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Notes to the Financial Statements

For the Half Year Ended 31 December 2012

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2012 has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half yearly financial report be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by AF06 during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(i) Scheme Information

AF06 is a registered Australian Managed Investment Scheme, and was constituted in 2006. RFM, the Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible entity is Level 2, 2 King Street, Deakin, ACT 2600.

The nature of the operations and principal activities of the Scheme are described in the Directors of the Responsible Entity's Report.

AF06 does not operate a business in its own right. AF06 acts as a conduit for the receipt of income from the sale of almond produce, and the distribution of the same to the Grower investors. It also acts as a conduit for the receipt of monies from Growers and where applicable the distribution of those monies in accordance with the Scheme's constituent documents. Growers are responsible for all operating costs, licence and management fees, including an interest component to fund the operation. Any profits made under the Scheme are profits made by the Growers.

For the duration of the licence period, Growers are entitled to receive the net cashflows arising under the Scheme, being the revenue from almond sales less Scheme costs. Prior to the almond trees reaching commercial maturity, which is expected to occur in 2013, Scheme costs will exceed revenues and the growers are required to fund the shortfall. Once the revenues exceed the costs, the surplus will be distributed to the Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, AF06 does not have net assets. The respective rights and obligations rest with the Growers.

The information in this financial report is for the benefit of the Growers and includes income and expenditure that has 'flowed through' the Scheme, however it should be noted that the Scheme does not generate or incur income or expenditure in its own right. Harvest proceeds are recognised in the Scheme accounts as an offset to Grower costs. The Scheme accounts do not recognise biological assets as these are considered to be an asset of the Growers.

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Notes to the Financial Statements

For the Half Year Ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

(ii) Obligations of the Responsible Entity

The Responsible Entity, RFM has obligations to operate the Scheme and perform functions conferred on it by the relevant Scheme constitution.

In addition, RFM has separately entered into individual contractual arrangements with members of the Scheme under which RFM has other obligations directly with the individual members of the Scheme.

This financial report relates only to the Scheme and therefore only considers the obligations of RFM to the Scheme pursuant to the constitution and the sublease. Other than as noted below at Note 1(a)(iii), the financial report does not consider obligations of RFM in respect of obligations to members of the Scheme pursuant to the separate contractual relationships between RFM and those members.

(iii) Other Obligations to Members of the Scheme

In addition to its responsibilities as the Responsible Entity, RFM has entered into individual contractual arrangements with members of the Scheme under which RFM is obliged to incur various expenditures and provide various services. The members either have paid or will make payments to RFM to perform these obligations. The costs incurred by RFM in discharging its contractual obligations with members are specific financial obligations of RFM and are reimbursable to RFM from the members. They can be recoverable from the members proceeds of sale and are not financial obligations of the Scheme. Therefore these costs are not directly relevant to this financial report.

Notwithstanding this, members of the Scheme should understand that in addition to RFM meeting its obligations to the Scheme under the various managed investment scheme constitutions, RFM also needs to meet its contractual obligations to members for services pursuant to the individual agreements entered into with individual members of the Scheme. These obligations include incurring maintenance expenditure for the duration of the Scheme.

The majority of the cash inflow to RFM from the performance of the ongoing management and maintenance services for the members is received within thirteen months of the expenditure being incurred.

(b) Statement of Compliance

The financial report of AF06 complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the the International Accounting Standards Board.

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Notes to the Financial Statements

For the Half Year Ended 31 December 2012

2 Revenue

	31 December 2012	31 December 2011
	\$	\$
Cost recovery from growers	491,286	672,822
Harvest proceeds	890,542	597,666
Price management plan proceeds	586,402	482,979
Total	1,968,230	1,753,467

3 Trade and Other Receivables

	31 December 2012	30 June 2012
	\$	\$
Trade receivables	93,723	1,009,936
Costs to be recovered in the next invoice	70,640	107,571
PMP receivable	602,314	1,188,717
Harvest proceeds receivable	636,698	1,527,240
Total	1,403,375	3,833,464

Trade receivables comprising Growers' contribution, include an interest charge of Bank Bill Swap Rate plus 4% for working capital funded as prescribed by the Scheme PDS payable by June of each year. In the event they are not paid by the due date then an additional interest charge of 4% is incurred.

There are past due receivables of \$83,432 as at 31 December 2012 and payment plans have been agreed for all of these.

No provision is required as any impairment of the receivable results in a corresponding decrease of the payable to RFM.

Harvest proceeds receivable represents an estimate of the final amounts due for payment from Almondco from the most recent harvest. The PMP receivable amounts represents an estimate of the amount payable by RFM in regard to the harvest based on the estimated final price to be received on the sale of the almonds.

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Notes to the Financial Statements

For the Half Year Ended 31 December 2012

4 Harvest proceeds

	Harvest 2012 \$	Harvest 2011 \$
Harvest proceeds received to 31 December	890,542	597,666
Estimated balance of harvest proceeds	636,698	477,648
Estimated PMP proceeds receivable	1,188,717	965,959
Total	2,715,957	2,041,273

Harvest proceeds for the 2012 almond crop have been received into the Scheme bank account from July 2012. These proceeds are disclosed in the Scheme accounts as a reduction of fees payable to the Responsible Entity in regard to the 2013 costs that will be invoiced to Growers in due course. Harvest proceeds are not considered to be Scheme property but are property of the Growers and are disclosed above.

The total actual harvest proceeds received for the 2011 almond crop was \$1,078,439. (2011 estimates: \$1,075,314)

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2012, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 25 February 2013

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



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Responsible Entity

Rural Funds Management Limited
ABN 65 077 492 838
AFSL 226 701

Level 2, 2 King Street
Deakin Act 2600

www.ruralfunds.com.au

Telephone (Investor Services)
1800 026 665

Telephone (Adviser Services)
1300 880 295

Facsimile
1800 625 518