

RFM Almond Fund 2006

ARSN 117 859 391

Financial Statements

For the Year Ended 30 June 2011

RFM Almond Fund 2006

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RFM Almond Fund 2006

ARSN 117 859 391

For the Year Ended 30 June 2011

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

30 June 2011

The directors of Rural Funds Management Limited ("RFM"), Responsible Entity ("RE") of RFM Almond Fund 2006 ("AF06") present their report on the Scheme for the financial year ended 30 June 2011.

Directors

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

Names

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.

Principal Activities

The primary objective of the Scheme is to establish and conduct on behalf of each grower in respect of the scheme agreements entered into by that grower, the business of growing, cultivating, harvesting and marketing Almonds for domestic and overseas sale.

The principal activities of AF06 during the financial year were the receipt and disbursement of revenue relating to the RFM Almond Project 2006 Product Disclosure Statement (PDS) dated 30 June 2006, including management fees, licence fees and operating costs received from growers allotted with groves under that PDS.

There have been no significant changes in the nature of AF06's principal activities during the financial year.

Trust 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.

Review of Results and Operations

Operating Results

The operating result of AF06 after providing for income tax amounted to \$Nil (2010: \$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.

Each Grove operated represents an area of 0.25 hectares. As at 30 June 2011 the Scheme had 178 Growers, after replacement, with a total of 980 Groves representing 245 hectares.

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Directors' Report

30 June 2011

Review of Results and Operations (continued)

Operating Results (continued)

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 30 June 2011, RFM has ownership of 83 such Groves which do not form part of the Scheme.

In May 2011, RFM issued the invoice for the 2011 financial year, amounting to \$1,704.75 GST exclusive per Grove. The invoice for the 2010 financial year was \$3,122.52 on the same basis. The reduction in value reflects the increasing maturity of the trees towards being cashflow positive to Growers.

At balance date a total of \$412,230 remained outstanding relating to the 2010 invoice and \$1,382,376 relating to the 2011 invoice. Provisions of \$414,742 in relation to those invoices have been provided in the Scheme accounts and corresponding amounts borne by RFM as the responsible entity; in order to ensure that other Growers do not bear this cost.

RFM continues to pursue amounts outstanding and plans to cancel the Groves of defaulting Growers for non payment.

Interest in the Scheme held by the Responsible Entity and its associates

At the date of this report no Associates and Directors of the RE hold an interest in the Scheme.

Fees paid to Responsible Entity

Fees paid and payable to the RE for the financial year ended 30 June 2011 were \$4,345,715 (2010: \$4,268,559). The fees paid are based on farm operating costs incurred by the RE plus property licence fees and management fees, as prescribed by the Scheme PDS for the year ended 30 June 2011.

Scheme Assets

At 30 June 2011 the Scheme held assets to a total value of \$5,116,377 (2010: \$5,285,676). At the balance date the Scheme had receivables of \$4,320,366 (2010: \$4,104,065) and cash of \$796,011 (2010: \$1,181,611) relating to the charge to Growers for their 2010/11 (2009/10) operating costs, management fees, licence fees and interest payable under the PDS.

Significant Changes in State of Affairs

There were no significant changes to the state of affairs of the Scheme during the year, other than as outlined in this Directors' Report.

After balance date events

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the Scheme, the result or those operations or the state of affairs of the Scheme in the future financial year.

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Directors' Report

30 June 2011

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.

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 and Custodian, when acting in those capacities, against costs and expenses in defending certain proceedings.

AF06 has not otherwise, during or since the financial 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.

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of the AF06, Boyce Assurance Services Pty Limited, and can be found on page 23 of the Financial Report.

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



David Bryant
Director

Dated the 29th day of September 2011

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Independent Audit Report to the members of RFM Almond Fund 2006

Report on the Financial Report

We have audited the accompanying financial report of RFM Almond Fund 2006, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of net assets attributable to growers and statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the responsible entity.

Directors' Responsibility for the Financial Report

The directors of the Responsible entity of the Scheme are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the 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 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.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 Scheme's preparation and fair presentation of the financial report 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 Scheme'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.

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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RFM Almond Fund 2006

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Independent Audit 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 RFM Almond Fund 2006 on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of RFM Almond Fund 2006 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 (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

29 September 2011

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 30 June 2011 and of its performance for the 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.



David Bryant

Director

Dated: 29 September 2011

RFM Almond Fund 2006

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Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011	2010
		\$	\$
Revenue	2	4,345,715	4,268,559
Expenses borne by responsible entity	10	-	513,580
Agribusiness operations		(2,940,974)	(2,622,874)
Land lease and rental		(1,101,213)	(1,294,948)
Management fees	10	(200,778)	(193,147)
Provision for bad debts		-	(513,580)
Finance costs		(102,750)	(157,590)
Net profit before income tax		-	-
Income tax expense		-	-
Net profit for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the period, representing change in net assets attributable to Growers		-	-

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

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Statement of Financial Position

30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	796,011	1,181,611
Trade and other receivables	6	4,320,366	4,104,065
Total current assets		5,116,377	5,285,676
TOTAL ASSETS		5,116,377	5,285,676
LIABILITIES			
Current liabilities			
Trade and other payables	7	5,116,377	5,285,676
Total current liabilities		5,116,377	5,285,676
TOTAL LIABILITIES (excluding net assets attributable to growers)		5,116,377	5,285,676
Net assets attributable to growers		-	-
TOTAL LIABILITIES		5,116,377	5,285,676

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

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Statement of Net Assets Attributable to Growers

For the Year Ended 30 June 2011

	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2010	-	-
Profit attributable to the scheme	-	-
Income tax applicable	-	-
Total income and expense for the period	-	-
Balance at 30 June 2011	-	-

	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2009	-	-
Profit attributable to the scheme	-	-
Income tax applicable	-	-
Total income and expense for the period	-	-
Balance at 30 June 2010	-	-

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

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Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash from operating activities:			
Receipts from customers		1,324,450	289,786
Contributions from growers		1,853,049	3,360,300
Payments to suppliers and employees		(3,578,201)	(3,923,146)
Interest received		15,102	-
Interest paid		-	(157,590)
Net cash used in operating activities	11	(385,600)	(430,650)
Net decrease in cash held		(385,600)	(430,650)
Cash at beginning of financial year		1,181,611	1,612,261
Cash at end of financial year	5(a)	796,011	1,181,611

The accompanying notes form part of these financial statements

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies

(a) Basis of preparation

(i) Scheme information

The financial report is a general purpose financial report that has been prepared in accordance with:

1. The Scheme's constitution and the requirements of the Corporations Act 2001.
2. Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers RFM Almond Fund 2006 ("AF06") as an individual entity. AF06 is a Scheme, established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of AF06 for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 29 September 2011.

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 Director'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 license 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 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

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.

(ii) Obligations of the Responsible Entity

The Responsible Entity, Rural Funds Management (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 Schemes. These obligations include incurring maintenance expenditures for the duration of the Schemes.

The cash inflows to RFM from the performance of the ongoing management and maintenance services for the members, are predominately received within thirteen months of the expenditure being undertaken.

(b) Statement of compliance

The financial report of AF06 complies with Australian Accounting Standards and International Financial Reporting Standards.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(c) Reporting Basis and Conventions

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(d) Change in Accounting Policy

The Scheme changed its accounting policy for the financial year ending 30 June 2011 in regard to the recognition of almond harvest proceeds receivable. Up until June 2010 harvest proceeds were only shown as received. However with the increasing value and importance of the harvest proceeds and the consideration of the time lag between harvest and payment, the Directors have changed the accounting policy for the Scheme accounts to demonstrate to growers the value of the harvest proceeds which will be offset against future farming costs. The harvest revenue is shown subsequent to the harvest taking place and this will then ensure it is included in revenue in the second half of each financial year. A corresponding liability in regard to the harvest amount due is included in creditors to reflect the harvest amounts will be offset by costs to be billed to growers.

The aggregate effect of the change in accounting policy on the financial statements for the full year ended 30 June 2011 is as follows (no taxation effect results from these changes):

Assets and liabilities have both increased by \$2,372,470 at 30 June 2011.

Assets and liabilities have both increased by \$2,278,732 at 30 June 2010.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Receivables are recognised and carried at original amount, less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Financial difficulties of the debtor, default payments or debts more than 180 days are considered objective evidence of impairment.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(g) Impairment of assets

At each reporting date, the Scheme reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(i) Trade and other payables

Liabilities for creditors are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

(j) Revenue

Revenue from the contributions from the growers (as re-imbusement to RFM) is recognised in accordance with the requirements of the PDS.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(k) Goods and Services Tax (GST) (continued)

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Income Tax

(i) Current Income Tax expense

The charge for current income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

(ii) Accounting for deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

(iii) Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

(iv) Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(v) Benefit brought to account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the manager will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(m) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Scheme has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Scheme:

Standard name	Effective date for entity	Requirements	Impact
AASB 124 Related Party Disclosures and amending standard AASB 2009-12	30 June 2012	<ul style="list-style-type: none"> - Clarification of the definition of a related party - Requirement to disclose commitments to related parties - Disclosure exemptions for government-related entities 	Minimal impact expected
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2014	<ul style="list-style-type: none"> - Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments. 	The impact of AASB 9 has not yet been determined.
AASB 2010-4 / 2010-5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2012	<p>Makes changes to a number of standards / interpretations including:</p> <ul style="list-style-type: none"> - Clarification of the content of the statement of changes in equity - Financial instrument disclosures - Fair value of award credits 	No impact expected.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	30 June 2012	Requires additional disclosures regarding for example, remaining risks where an entity has transferred a financial asset	No impact expected.
AASB 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence	30 June 2012	Collates the Australian specific disclosures into one Accounting Standard rather than including them within a number of different standards.	Little impact since most of the disclosures required by AASB 1054 are already included within the financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

Standard name	Effective date for entity	Requirements	Impact
AASB 13 Fair Value Measurement	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.

The Scheme does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on Scheme's financial statements.

2 Revenue

	2011	2010
	\$	\$
Cost recovery from growers	2,210,319	3,745,554
Harvest proceeds	1,324,450	289,789
Price management plan proceeds	810,946	233,216
Total	4,345,715	4,268,559

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Notes to the Financial Statements

For the Year Ended 30 June 2011

3 Harvest proceeds

	2011	2010
	\$	\$
Harvest proceeds received to 30 June	-	1,324,451
Estimated balance of harvest proceeds	1,366,989	-
Estimated PMP proceeds receivable	1,005,481	812,198
Total	2,372,470	2,136,649

Harvest proceeds for the 2011 almond crop have been received into the Scheme bank account from July 2011. These proceeds are disclosed in the Scheme accounts as a reduction of fees due to the Responsible Entity in regard to the 2012 costs that will be rendered to growers in due course. Harvest proceeds are not considered to be Scheme property but are property of the growers and are disclosed above.

4 Auditors' Remuneration

	2011	2010
	\$	\$
Remuneration of the auditor of the Scheme for:		
- Auditing or reviewing the financial report	18,413	12,950
- Taxation and other services	4,395	761
- Total	22,808	13,711

5 Cash and Cash Equivalents

Cash at bank	796,011	1,181,611
	796,011	1,181,611

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	796,011	1,181,611
	796,011	1,181,611

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Notes to the Financial Statements

For the Year Ended 30 June 2011

6 Trade and other receivables

	2011	2010
	\$	\$
Trade receivables	1,794,606	1,538,137
Harvest proceeds receivable	1,366,989	1,466,535
PMP receivable	1,005,481	812,198
Costs to be recovered in the next invoice from growers	153,290	287,195
Total	4,320,366	4,104,065

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 \$875,221 at the date of this report, and payment plans have been agreed for \$459,097 of this. No provision is required as any impairment of the receivable results in a corresponding decrease of the payable to RFM for the management fees, licence fees and interest.

Harvest proceeds receivable represent an estimate of the final amounts due for payment from Almondco from the most recent harvest. The PMP receivable amounts represent 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.

7 Trade and other payables

Trade payables	2,590,617	2,486,533
Harvest proceeds to be paid to RFM	1,366,989	1,466,534
PMP payable to growers	1,005,481	1,045,414
Costs to be recovered in the next invoice	153,290	287,195
	5,116,377	5,285,676

8 Financial Risk Management Policies

(a) Financial risk management objectives, policies and processes

Financial instruments of the Scheme comprise, cash and cash equivalents, net assets attributable to growers, and other financial instruments such as trade debtors and creditors, which arise directly from its operations. The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to growers of the Scheme from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate, ultimately to the Board of Directors of the Responsible Entity.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty. In order to avoid excessive concentrations of risk, the Scheme monitors its exposure to ensure concentrations of risk remain within acceptable levels.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

8 Financial Risk Management Policies (continued)

(b) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk is not considered to be significant to the Scheme because any default by a grower on their contributions results in a corresponding reduction in the payable to RFM for management fees, licence fees and interest.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled as the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying distributions to growers, if necessary, until the funds are available to pay them.

Financial liabilities of the Scheme comprise of trade and other payables, and net assets attributable to growers. Trade and other payables are on terms that correspond with grower contributions receivables thus limiting liquidity risk. Net assets attributable to growers are payable when distributable profit meets the criteria for distribution according to the Scheme's Constitution.

(d) Market risk

The effects of a \$0.50/kg change in the price of almonds on grower contributions are shown in the following table. These amounts incorporate the impact of the PMP for the 865 entitled groves. In general, an increase in the almond price will result in a decrease in the PMP contribution and a decrease in the contribution required from the growers. A decrease in the almond price will have an equal and opposite effect. However, once the almond price falls below \$4.70/kg, the PMP contribution is capped at \$3.50/kg and there is no compensating benefit to the growers. This is evidenced below, as the almond price is below \$4.70/kg for a decrease in price in 2010 and both scenarios in 2011.

	2011 Per Grove \$	2011 Total \$	2010 Per grove \$	2010 Total \$
Increase of \$0.50/kg	(188)	(162,737)	(18)	(15,162)
Decrease of \$0.50/kg	188	162,737	119	102,931

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Notes to the Financial Statements

For the Year Ended 30 June 2011

8 Financial Risk Management Policies (continued)

(e) Fair values

The Scheme's financial assets and liabilities included in the Statement of Financial Position are carried at their fair value or at amounts that approximate their fair values.

9 Key Management Personnel Compensation

(a) Directors

The Directors of RFM are considered to be Key Management Personnel of the Scheme. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

David Bryant
Guy Paynter
Michael Carroll

(b) Other Key Management Personnel

In addition to the Directors noted above, RFM, the Responsible Entity of the Scheme is considered to be Key Management Personnel with the authority for the strategic direction and management of the Scheme.

The constitution of the scheme states that RFM is entitled to \$195 (GST inclusive) per annum for each grove indexed by 2.5% pa. In addition where RFM or its agent has borrowed funds to meet the interim costs and expenses of providing management services then RFM is entitled to charge interest equivalent to that paid on the borrowings.

RFM may retire as the Responsible Entity of the Scheme as permitted by law. However, RFM must retire as the Responsible Entity of the Scheme when required by law. When retired or removed, RFM will be released from all obligations and remuneration in relation to the Scheme arising after the time of retirement or being removed.

The agreement terminates on 30 June 2026.

(c) Compensation of Key Management Personnel

No amount is paid by the Scheme directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the Directors as Key Management Personnel.

No direct payments were made to key management personnel from AF06.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

10 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Farm manager (Rural Funds Management Limited)

The farm manager's fees are based on the farm operating costs incurred by the Responsible Entity plus property licence fees, and management fees prescribed by the Scheme PDS during the period ended 30 June 2011. These fees are based on 980 (2010: 1,063) groves of Almonds established.

Transactions between the Scheme and the Responsible Entity and any entities under the control of the Responsible Entity:

	2011	2010
	\$	\$
Responsible Entity's management fees	200,778	193,147
Licence fee	1,101,213	1,294,948
Operating expenses	2,940,974	2,622,874
Interest	102,750	157,590
Costs borne by Responsible Entity	-	(513,580)
Price management plan support payable to growers	(810,946)	(233,216)
Total	3,534,769	3,521,763

(b) Creditors

RFM	2,590,617	2,689,618
Total	2,590,617	2,689,618

11 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/(loss) for the period	-	-
Non-cash flows in profit		
changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(216,301)	277,523
Increase/(decrease) in trade payables and accruals	(169,299)	(708,173)
Cashflows used in operations	(385,600)	(430,650)

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Katherine M Kelly
Director
Boyce Assurances Services Pty Limited

Cooma

Dated: 29 September 2011

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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