

Almond Fund 2006

Financial Statements

For the Year Ended 30 June 2012

RFM Almond Fund 2006

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RFM Almond Fund 2006

ARSN 117 859 391

For the Year Ended 30 June 2012

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

ARSN 117 859 391

Directors' Report

30 June 2012

The directors of Rural Funds Management Limited ("RFM"), Responsible Entity ("RE") of RFM Almond Fund 2006 (the "Scheme"/ "AF06") present their report on the Scheme for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during, or since the end of, the 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.

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 (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.

Each Grove operated represents an area of 0.25 hectares. As at 30 June 2012 the Scheme had 167 Growers, after replacement, with a total of 807 Groves representing 201.75 hectares.

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Directors' Report

30 June 2012

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 2012, RFM has ownership of 256 such Groves which do not form part of the Scheme.

In May 2012, RFM issued the invoice for the 2012 financial year, amounting to \$1,601.23 GST exclusive per Grove. The invoice for the 2011 financial year was \$1,704.75 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 \$15,027 remained outstanding relating to the 2011 invoice and \$984,618 relating to the 2012 invoice.

RFM continues to pursue amounts outstanding and plans to cancel the Groves of defaulting Growers for non payment. Currently, all outstanding amounts are expected to be received.

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 2012 were \$3,844,481 (2011: \$4,345,715). 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 2012.

Scheme Assets

At 30 June 2012 the Scheme held assets to a total value of \$3,911,058 (2011: \$5,116,377). At the balance date the Scheme had receivables of \$3,833,464 (2011: \$4,320,366) and cash of \$77,594 (2011: \$796,011) relating to the charge to Growers for their 2011/12 (2010/11) 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.

After balance date events

No matters 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 of those operations or the state of affairs of the Scheme in future financial years.

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.

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Directors' Report

30 June 2012

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 22 of the Financial Report.

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



David Bryant
Director

Dated: 25 September 2012

RFM Almond Fund 2006

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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 2012, and the statement of comprehensive income, statement of net assets attributable to growers and statement of cash flows for the year then ended, 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.

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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 of 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 2012 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

Dated: 25 September 2012

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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 2012 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.

On behalf of the board



David Bryant

Director

Dated: 25 September 2012

RFM Almond Fund 2006

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Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	3,844,481	4,345,715
Agribusiness operations		(2,629,619)	(2,940,974)
Land lease and rental		(958,526)	(1,101,213)
Management fees	10(a)	(169,489)	(200,778)
Finance costs		(86,848)	(102,750)
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 2012

	Note	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	77,594	796,011
Trade and other receivables	6	3,833,464	4,320,366
Total current assets		3,911,058	5,116,377
TOTAL ASSETS		3,911,058	5,116,377
LIABILITIES			
Current liabilities			
Trade and other payables	7	3,911,058	5,116,377
Total current liabilities		3,911,058	5,116,377
TOTAL LIABILITIES (excluding net assets attributable to growers)		3,911,058	5,116,377
Net assets attributable to growers		-	-
TOTAL LIABILITIES		3,911,058	5,116,377

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 2012

	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2011	-	-
Profit attributable to the scheme	-	-
Income tax applicable	-	-
Total income and expense for the period	-	-
Balance at 30 June 2012	-	-

	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	-	-

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 2012

	Note	2012 \$	2011 \$
Cash from operating activities:			
Receipts from customers		1,453,955	1,324,450
Contributions from growers		1,617,362	1,853,049
Payments to suppliers and employees		(3,708,054)	(3,487,270)
Interest received		6,906	15,102
Interest paid		(88,586)	(90,931)
Net cash used in operating activities	11	(718,417)	(385,600)
Net increase / (decrease) in cash and cash equivalents		(718,417)	(385,600)
Cash and cash equivalents at beginning of year		796,011	1,181,611
Cash and cash equivalents at end of year	5(a)	77,594	796,011

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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 Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 2012 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 25 September 2012.

(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 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 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 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.

RFM Almond Fund 2006

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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 income or incur 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 the interest in the 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 Scheme. These obligations include incurring maintenance expenditures for the duration of the Scheme.

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 2012

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. The Statement of Comprehensive Income matches harvest proceeds received during the period to the costs incurred in the period consistent with the basis on which Growers are invoiced.

(d) 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.

(e) 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.

Receivables and revenue are based on the expected net proceeds from the sale of produce, which is generally harvested in the first four months of the calendar year. The Scheme receives instalment payments of the proceeds and therefore the final sale price will not be known until the final instalment is received, which for the current harvest is due in June 2013. The forecast sale price is \$4.80 per kilogram (2011:\$4.20).

Harvest revenue receivable is shown subsequent to the harvest taking place. A corresponding liability in regard to the harvest amount due is included in creditors to reflect the harvest amounts that will be offset by costs to be billed to growers.

(f) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(g) 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.

(h) 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.

(i) Revenue

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

The Statement of Comprehensive Income for the year shows the harvest proceeds that were available to offset costs incurred in the year. This represents the prior year crop harvested and is included on a cash basis. This corresponds to the amounts invoiced to growers during the financial year.

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

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

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised inclusive of the amount of GST. Growers registered for GST are able to claim input tax credits from the ATO based on the annual invoice. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(k) Income Tax

All Scheme assets and any income of the Scheme is held on behalf of either the growers or the Responsible Entity. The Scheme does not derive any income on its own account and accordingly is not subject to income tax.

(l) 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 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2016	- 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 as the entire standard has not been released
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 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	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.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(I) New accounting standards for application in future periods (continued)

Standard name	Effective date for entity	Requirements	Impact
AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	Since the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.
AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.	30 June 2013	Entities will be required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	The items shown in other comprehensive income will be separated into two categories.

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 the Scheme's financial statements.

2 Revenue

	2012	2011
	\$	\$
Cost recovery from growers	1,845,405	2,210,319
Harvest proceeds	1,078,439	1,324,450
Price management plan proceeds	920,637	810,946
Total	3,844,481	4,345,715

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Notes to the Financial Statements

For the Year Ended 30 June 2012

3 Harvest proceeds

	2012	2011
	\$	\$
Estimated balance of harvest proceeds	1,527,240	1,366,989
Estimated PMP proceeds receivable	1,188,717	1,005,481
Total	2,715,957	2,372,470

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 due to the Responsible Entity in regard to the 2013 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

Remuneration of the auditor of the Scheme for:

- Auditing or reviewing the financial report	18,927	18,413
- Taxation and other services	-	4,395
- Total	18,927	22,808

5 Cash and Cash Equivalents

Cash at bank	77,594	796,011
	77,594	796,011

(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	77,594	796,011
	77,594	796,011

RFM Almond Fund 2006

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Notes to the Financial Statements

For the Year Ended 30 June 2012

6 Trade and Other Receivables

	2012	2011
	\$	\$
Trade receivables	1,009,936	1,794,606
Harvest proceeds receivable	1,527,240	1,366,989
PMP receivable	1,188,717	1,005,481
Costs to be recovered in the next invoice from growers	107,571	153,290
Total	3,833,464	4,320,366

Trade receivables comprising growers' contributions, 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 \$504,648 at the date of this report, and payment plans have been agreed for \$474,481 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	1,123,575	2,590,617
Harvest proceeds to be paid to RFM	1,527,240	1,366,989
PMP payable to growers	1,188,717	1,005,481
Shortfall payable to RFM	71,526	153,290
	3,911,058	5,116,377

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 2012

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 792 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 further compensating benefit to the growers. This is evidenced below, as the almond price is below \$4.70/kg for a decrease in price in 2012 and both scenarios in 2011.

	2012 Per Grove	2012 Total	2011 Per grove	2011 Total
	\$	\$	\$	\$
Increase of \$0.50/kg	(40)	(31,416)	(188)	(162,737)
Decrease of \$0.50/kg	306	242,244	188	162,737

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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.

RFM Almond Fund 2006

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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 2012. These fees are based on 807 (2011: 980) groves of Almonds established.

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

	2012	2011
	\$	\$
Responsible Entity's management fees	169,489	200,778
Licence fee	958,526	1,101,213
Operating expenses	2,629,619	2,940,974
Interest	86,848	102,750
Price management plan support payable to growers	(920,637)	(810,946)
Total	2,923,845	3,534,769

(b) Creditors

RFM	1,122,297	2,590,617
Total	1,122,297	2,590,617

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	486,902	(216,301)
Increase/(decrease) in trade payables and accruals	(1,205,319)	(169,299)
Cashflows used in operations	(718,417)	(385,600)

RFM Almond Fund 2006

ARSN 117 859 391

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 2012 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: 25 September 2012

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Responsible Entity

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