

RFM Poultry

Financial Statements

For the Half Year Ended 31 December 2015

RFM Poultry

ARSN 164 851 218

Contents

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Net Assets Attributable to Unitholders	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

RFM Poultry

ARSN 164 851 218

Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 AFSL 226701 Level 2, 2 King Street DEAKIN ACT 2600
Directors	Guy Paynter David Bryant Michael Carroll
Company Secretaries	Andrea Lemmon Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22, 207 Kent Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Darling Park 201 Sussex Street SYDNEY NSW 2000
Share Registry	Boardroom Pty Limited Level 12, 225 George Street SYDNEY NSW 2000
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000
Stock Exchange Listing	RFM Poultry units are listed on the National Stock Exchange of Australia (NSX)
NSX Code	RFP

RFM Poultry

ARSN 164 851 218

Directors' Report

31 December 2015

The Directors of Rural Funds Management Limited (RFM), the responsible entity of RFM Poultry (RFP or the Trust) present their report on the Trust for the half year ended 31 December 2015.

Directors

The following persons held office as directors of the responsible entity during the half year and up to the date of this report:

Guy Paynter	Non-Executive Chairman
David Bryant	Managing Director
Michael Carroll	Non-Executive Director

Principal activities and significant changes in nature of activities

The principal activity of the Trust during the half year was the growing of chickens in accordance with growing contracts including the provision of labour, management and infrastructure.

Operating results

The operating profit after income tax of the Trust for the half year ended 31 December 2015 amounted to \$271,527 (31 December 2014: \$745,168).

The profit after income tax is in line with expectations for the half year ended 31 December 2015. The higher profit in the half year ended 31 December 2014 was primarily attributable to compensation for higher energy costs incurred in the previous financial period due to introduction of the RSPCA standards, the operational cycle and seasonal factors. Further, the lower half year result for 31 December 2015 can be attributed to the timing of repairs and maintenance. This expense item was \$526,428 higher than the previous corresponding period however over the full financial year is expected to be at levels similar to prior year.

The chicken industry continues to experience positive conditions with per capita consumption continuing to increase. RFP holds its position as a premium chicken grower. All the sheds leased by RFM Poultry in Griffith, NSW have been endorsed as compliant with RSPCA guidelines.

Financial position

The net assets of the Trust have decreased from \$7,474,463 at 30 June 2015 to \$7,420,426 at 31 December 2015.

At 31 December 2015 the Trust had total assets of \$8,483,182 (30 June 2015: \$9,517,124).

Distributions

	Cents per unit	Total \$
Distribution paid 30 July 2015	2.5125	172,188
Distribution paid 30 October 2015	2.5125	172,971
Distribution declared 31 December 2015, paid 29 January 2016	2.5125	172,971

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust during the half year.

Earnings per unit

Net profit after income tax for the half year	\$ 271,527
Weighted average number of units on issue during the half year	6,880,592
Basic and diluted earnings per unit (total) (cents)	3.95

RFM Poultry

ARSN 164 851 218

Directors' Report

31 December 2015

Indirect cost ratio

The Indirect Cost Ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets for the half year, expressed as a percentage.

Management costs include management fees and reimbursement of other expenses in relation to the Trust, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Trust.

The ICR for the Trust for the half year ended 31 December 2015 is 1.95% (31 December 2014: 2.15%).

Matters subsequent to the end of the half year

No matter or circumstance has arisen since the end of the half year that has significantly affected or could significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

RFP intends to maintain growing standards consistent with RSPCA guidelines while conducting an efficient operation that achieves competitive chicken grow-out times and feed conversion rates.

Environmental regulation

The operations of the Trust are subject to significant environmental regulations under the laws of the Commonwealth and States or Territories of Australia. There have been no known significant breaches of any environmental requirements applicable to the Trust.

Units on issue

6,884,416 units in RFM Poultry were on issue at 31 December 2015 (31 December 2014: 6,820,062). During the half year 23,452 units were issued by the Trust (31 December 2014: 25,947) and nil (31 December 2014: nil) were redeemed.

Indemnity of Responsible Entity and Custodian

In accordance with the constitution, RFM Poultry indemnifies the Directors, Company Secretaries and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses incurred in defending certain proceedings.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act* 2001 for the half year ended 31 December 2015 has been received and is included on page 4 of the financial report.

The Directors' report is signed in accordance with a resolution of the Board of Directors of Rural Funds Management Limited.



David Bryant
Director

1 March 2016



Auditor's Independence Declaration

As lead auditor for the review of RFM Poultry for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

A handwritten signature in black ink that reads 'David Ronald'.

David Ronald
Partner
PricewaterhouseCoopers

Sydney
1 March 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

RFM Poultry

ARSN 164 851 218

Statement of Comprehensive Income

For the half year ended 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Revenue	5	12,270,560	12,854,783
Other income		66,691	30,681
Gain on sale of assets		5,000	-
Property lease costs		(5,234,658)	(5,183,687)
Direct grower costs		(2,256,603)	(2,517,903)
Contractor fees		(2,031,809)	(2,082,486)
Employee costs		(236,067)	(351,769)
Repairs and maintenance		(1,261,673)	(735,245)
Insurance expense		(239,493)	(253,557)
Other indirect expense		(396,112)	(381,884)
Management fee		(277,502)	(289,382)
Depreciation		(20,438)	(25,025)
Net profit before income tax		387,896	1,064,526
Income tax expense		(116,369)	(319,358)
Net profit after income tax		271,527	745,168
Other comprehensive income:			
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to unitholders		271,527	745,168
Earnings per unit			
From continuing operations:			
Basic and diluted earnings per unit (cents)		3.95	10.95

The accompanying notes form part of these financial statements.

RFM Poultry

ARSN 164 851 218

Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,881,098	6,175,672
Trade and other receivables		2,052,405	2,711,964
Inventories		60,017	54,374
Other current assets		254,603	318,023
Income tax receivable		44,979	-
Total current assets		8,293,102	9,260,033
Non-current assets			
Plant and equipment	6	179,175	232,866
Deferred tax asset		10,905	24,225
Total non-current assets		190,080	257,091
Total assets		8,483,182	9,517,124
LIABILITIES			
Current liabilities			
Trade and other payables		870,900	1,383,087
Short term provisions		191,272	190,651
Income tax payable		-	468,709
Total current liabilities		1,062,172	2,042,447
Non-current liabilities			
Long term provisions		584	214
Total non-current liabilities		584	214
Total liabilities (excluding net assets attributable to unitholders)		1,062,756	2,042,661
Net assets attributable to unitholders		7,420,426	7,474,463
Total liabilities		8,483,182	9,517,124

The accompanying notes form part of these financial statements.

RFM Poultry

ARSN 164 851 218

Statement of Changes in Net Assets Attributable to Unitholders

For the half year ended 31 December 2015

31 December 2015	Issued units	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2015	6,621,676	852,787	7,474,463
Profit before income tax	-	387,896	387,896
Income tax expense	-	(116,369)	(116,369)
Total comprehensive income for the period	-	271,527	271,527
Equity transactions			
Units issued during the period	20,378	-	20,378
Issue costs	-	-	-
Total equity transactions	20,378	-	20,378
Distributions to unitholders	-	(345,942)	(345,942)
Balance at 31 December 2015	6,642,054	778,372	7,420,426

31 December 2014	Issued units	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2014	6,567,790	40,226	6,608,016
Profit before income tax	-	1,064,526	1,064,526
Income tax expense	-	(319,358)	(319,358)
Total comprehensive income for the period	-	745,168	745,168
Equity transactions			
Units issued during the period	20,046	-	20,046
Issue costs	-	-	-
Total equity transactions	20,046	-	20,046
Distributions to unitholders	-	(342,380)	(342,380)
Balance at 31 December 2014	6,587,836	443,014	7,030,850

The accompanying notes form part of these financial statements.

RFM Poultry

ARSN 164 851 218

Statement of Cash Flows

For the half year ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	14,295,817	15,215,331
Payments to suppliers and employees	(13,648,793)	(13,553,380)
Interest received	58,389	28,763
Income tax paid	(616,736)	-
Net cash inflow from operating activities	88,677	1,690,714
Cash flows from investing activities		
Proceeds from sale of plant and equipment	5,000	-
Payments for plant and equipment	(61,086)	-
Net cash outflow from investing activities	(56,086)	-
Cash flows from financing activities		
Proceeds from issue of units	20,378	20,046
Distributions paid	(347,543)	(393,208)
Net cash outflow from financing activities	(327,165)	(373,162)
Net (decrease)/increase in cash and cash equivalents held	(294,574)	1,317,552
Cash and cash equivalents at the beginning of the period	6,175,672	4,065,890
Cash and cash equivalents at the end of the period	5,881,098	5,383,442

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

31 December 2015

1 General information

These financial statements cover RFM Poultry as an individual entity. The Trust is a managed investment scheme domiciled in Australia. The responsible entity of the Trust, Rural Funds Management Limited, is incorporated and domiciled in Australia. The registered office of the responsible entity is Level 2, 2 King Street, Deakin, ACT 2600.

The financial statements were authorised for issue by the Directors of the Responsible Entity on 1 March 2016. The Directors of the responsible entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

Basis of preparation

The accounting policies that have been adopted in respect of the financial report are those of Rural Funds Management as responsible entity of the Trusts. The accounting policies adopted for the half year ended 31 December 2015 are consistent with those of the financial year ended 30 June 2015.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and the Trust's Constitution.

The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This general purpose financial report for the half year ended 31 December 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The 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 Trust as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by the Trust during the period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management has identified no reported amounts for which significant judgements, estimates and assumptions are made.

4 Segment information

The Trust operates in one operating segment (31 December 2014: one segment), being the growing of chickens under contract to a third party.

RFM Poultry

ARSN 164 851 218

Notes to the Financial Statements

31 December 2015

5 Revenue

	For the half year ended 31 December 2015 \$	For the half year ended 31 December 2014 \$
Grower fees	12,182,802	12,759,677
Rental revenue	87,758	95,106
Total	12,270,560	12,854,783

6 Plant and equipment

	31 December 2015 \$	30 June 2015 \$
Plant and equipment		
Cost	181,715	195,614
Accumulated depreciation	(28,012)	(28,740)
Total plant and equipment	153,703	166,874
Office furniture, fixtures and fittings		
Cost	1,974	1,974
Accumulated depreciation	(947)	(719)
Total office furniture, fixtures and fittings	1,027	1,255
Motor vehicles		
Cost	73,525	112,182
Accumulated depreciation	(49,080)	(47,445)
Total motor vehicles	24,445	64,737
Work in progress		
Cost	-	31,211
Impairment	-	(31,211)
Total work in progress	-	-
Total plant and equipment	179,175	232,866

7 Issued capital

	31 December 2015 No.	30 June 2015 No.
Units on issue at the beginning of the reporting period	6,860,964	6,794,115
Units issued during the reporting period	23,452	66,849
Units on issue at the end of the reporting period	6,884,416	6,860,964

RFM Poultry

ARSN 164 851 218

Notes to the Financial Statements

31 December 2015

8 Related party transactions

Transactions between the Trust and related parties are on commercial terms and conditions.

Responsible entity (Rural Funds Management) and related entities

Transactions between the Trust and the responsible entity and its associated entities are shown below:

	31 December 2015 \$	31 December 2014 \$
Asset management fees	277,502	289,382
Total management fees	277,502	289,382
Expenses reimbursed to RFM	690,691	647,290
Expenses reimbursed to Rural Funds Group	20,963	296,627
Lease expenses paid/payable to Rural Funds Group	5,225,180	5,183,687
Distribution paid/payable to RFM	14,459	12,378
Distribution paid/payable to Rural Funds Group	2,729	9,053
Distribution paid/payable to RF Active	5,458	-
Total amount paid to RFM and related entities	6,236,982	6,438,417
Expenses charged to Rural Funds Group	-	135,076
Total amount received from RFM and related parties	-	135,076

Debtors and loans

	31 December 2015 \$	30 June 2015 \$
RFM	69,587	-
Total	69,587	-

Creditors and loans

	31 December 2015 \$	30 June 2015 \$
RFM	131,583	144,884
Rural Funds Group	-	2,459
RF Active	2,729	-
Total	134,312	147,343

Entities with influence over the Trust

	31 December 2015		30 June 2015	
	Units	%	Units	%
RFM	205,868	2.99	184,799	2.69
Rural Funds Group	-	-	108,615	1.58
RF Active	108,615	1.58	-	-

RFM Poultry

ARSN 164 851 218

Notes to the Financial Statements

31 December 2015

9 Distributions

The Trust paid the following distributions in the half year:

	Cents per unit	Total \$
Distribution paid 30 July 2015	2.5125	172,188
Distribution paid 30 October 2015	2.5125	172,971
Distribution declared 31 December 2015, paid 29 January 2016	2.5125	172,971

10 Events after the reporting period

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

RFM Poultry

ARSN 164 851 218

Directors' Declaration

31 December 2015

In the Directors of the Responsible Entity's opinion:

- 1 the financial statements and notes of RFM Poultry set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a. comply with Accounting Standards, as stated in accounting policy Note 2 to the financial statements, and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- 2 there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board.

This declaration is made in accordance with a resolution of the Board of the Directors of Rural Funds Management Limited.



David Bryant
Director

1 March 2016



Independent auditor's review report to the unitholders of RFM Poultry

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RFM Poultry (the registered scheme), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Rural Funds Management (the responsible entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RFM Poultry, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au



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 Poultry is not in accordance with the *Corporations Act 2001* including:

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

PricewaterhouseCoopers

PricewaterhouseCoopers

David Ronald

David Ronald
Partner

Sydney
1 March 2016

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