

RFM Almond Fund 2006

ARSN 117 859 391

Financial Statements

For the Half Year Ended 31 December 2009

RFM Almond Fund 2006

DIRECTORY

Registered Office

Level 2, 2 King Street
DEAKIN ACT 2600

Responsible Entity

Rural Funds Management Limited
ABN 65 077 492 838
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DEAKIN ACT 2600
Telephone: (02) 6203 9700
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Directors

David Bryant
Stuart Waight
Andrea Lemmon

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

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RFM Almond Fund 2006

Directors' of the Responsible Entity's Report

31 December 2009

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 half year ended 31 December 2009.

Directors

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

Names

David Bryant

Andrea Lemmon

Stuart Waight

Review of Results and Operations

Operating Results

The operating profit of AF06 after providing for income tax amounted to \$Nil (2008: \$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 lessors.

Each Grove operated represents an area of 0.25 hectares. As at 30 June 2009 the Scheme had 215 Growers with a total of 1,063 Groves representing 266 hectares.

The 2008/09 financial year was the first in which Growers were responsible for all operating, licence and management fees associated with their Grove. The final invoice amount for the 2009 year was \$3,428.84 (GST inclusive) per Grove. The details of the invoice are detailed below together with an estimate of the 2010 invoice amount.

Itemised Costs per grove		FY2009 Final Invoice			FY2010 estimate		
		Fee	GST	Total	Fee	GST	Total
Deferred Establishment Fee		\$0.91	\$0.09	\$1.00			
Management Fee		\$177.30	\$17.70	\$195.00	\$181.70	\$18.17	\$199.87
Licence Fee		\$931.65	\$93.17	\$1,024.82	\$998.13	\$99.81	\$1,097.95
Operating Costs	Employee costs	\$335.69	\$33.57	\$369.26	\$299.14	\$29.91	\$329.06
	Services & Contracts	\$397.28	\$39.73	\$437.01	\$360.25	\$36.02	\$396.27
	Consumables, materials, fuel, repairs & maintenance	\$715.57	\$71.56	\$787.13	\$1,051.50	\$105.15	\$1,156.65
	Plant & equipment leases, rental & hire	\$248.92	\$24.89	\$273.81	\$259.50	\$25.95	\$285.45
	Misc other	\$158.07	\$15.81	\$173.88	\$285.58	\$28.56	\$314.14
Total operating costs		\$1,855.53	\$185.56	\$2,041.09	\$2,113.73	\$211.37	\$2,325.10
Interest charged at BBSW plus 4%		\$166.93	n/a	\$166.93	\$148.00	n/a	\$148.00
Total		\$3,132.32	\$296.52	\$3,428.84	\$3,583.82	\$343.58	\$3,927.41
Less: harvest proceeds from 2009 crop					\$282.46		\$282.46
Less: RFM Price Management Plan					\$198.85		\$198.85
Total Invoiced		\$3,132.32	\$296.52	\$3,428.84	\$3,102.50	\$343.58	\$3,446.09

RFM Almond Fund 2006

Directors' of the Responsible Entity's Report

31 December 2009

Review of Results and Operations (continued)

Operating Results (continued)

Harvest proceeds are received in the year following harvest. Therefore the proceeds of the 2009 harvest, the schemes first harvest, are available for offset against the 2010 operating costs. The table below gives the details of the 2009 harvest with a comparison to the 2010 harvest estimates.

Harvest Yield per grove	tonnes	per Grove	per HA
2009 Harvest	66	0.06	0.25
2010 Estimate	245	0.23	0.92
2010 PDS	304	0.29	1.14

The PDS details a Price Management Plan ("PMP") whereby RFM as the RE will pay the Growers an amount of up to \$3.50 per kilogram on the top of the sales price achieved from the sale of almonds if the sales price received is less than \$8.20 per kilogram. Any payment to the Growers as a result of the PMP will be after the final price per kilogram for the harvest is determined by Almondco and this is expected to be in June of each year.

At balance date not all Growers had paid their 2009 invoice amount and RFM is pursuing these vigorously. If a Grower defaults on his obligations under the PDS then that Grower can be removed from the Scheme.

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 half year ended 31 December 2009 were \$1,510,365 (2008: \$103,643). 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 half year ended 31 December 2009.

Scheme Assets

At 31 December 2009 the Scheme held assets to a total value of \$3,108,159 (2008: \$1,965,572).

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.

RFM Almond Fund 2006

Directors' of the Responsible Entity's Report

31 December 2009

Indemnification of Responsible Entity and Custodian

In accordance with the constitution of AF06, the Scheme 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 half year, indemnified or agreed to indemnify an officer of the Scheme 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 15 of the Financial Report.

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

Director:



David Bryant

Dated this 15th day of March 2010

RFM Almond Fund 2006

Independent Audit Report to the members of RFM Almond Fund 2006

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RFM Almond Fund 2006, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in net assets attributable to unitholders and condensed statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Scheme are responsible for the preparation and fair presentation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2140 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of RFM Almond Fund 2006, ASRE 2410 requires that we comply with all 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of RFM Almond Fund 2006 on the date of this auditor's review report.

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RFM Almond Fund 2006

Independent Audit Report to the members of RFM Almond Fund 2006

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RFM Almond Fund 2006 is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(e) Going Concern, there is uncertainty whether the Scheme will be able to continue as a going concern if RFM cannot meet its ongoing obligations due to its exposure to the GSL group. If this were to eventuate, it could materially impact the viability of the Scheme.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited
Cooma

15 March 2010

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RFM Almond Fund 2006

Directors' Declaration of the Manager

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

In the opinion of the Directors:

- (a) The financial statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 31 December 2009 and of
 - (ii) complying with Accounting Standards, Corporations Regulations 2001 and the Scheme's
- (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 15 March 2010

RFM Almond Fund 2006

Statement of Comprehensive Income

For the Half Year Ended 31 December 2009

	31 December 2009	31 December 2008
	\$	\$
Cost recovery from growers	1,513,823	1,941,749
Management fees	(96,576)	(103,643)
Land lease and rental	(592,806)	(1,128,668)
Agribusiness operations	(775,265)	(702,404)
Other expenses	(3,458)	(7,034)
Finance costs	(45,718)	-
Net profit before tax	-	-
Income tax expense/(benefit)	-	-
Net profit after tax	-	-
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

Statement of Financial Position

31 December 2009

		31 December 2009	30 June 2009
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		56,436	1,612,261
Trade and other receivables	2	3,051,723	2,102,855
Total current assets		3,108,159	3,715,116
TOTAL ASSETS		3,108,159	3,715,116
LIABILITIES			
Current liabilities			
Trade and other payables	3	3,108,159	3,715,116
Total current liabilities		3,108,159	3,715,116
TOTAL LIABILITIES (excluding net assets attributable to growers)		3,108,159	3,715,116
Net assets attributable to growers		-	-
TOTAL LIABILITIES		3,108,159	3,715,116

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

Statement of Net Assets Attributable to Growers

For the Half Year Ended 31 December 2009

	31 December 2009	
	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 31 December 2009	-	-

	31 December 2008	
	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2008	-	-
Profit attributable to the scheme	-	-
Income tax applicable	-	-
Total income and expense for the period	-	-
Balance at 31 December 2008	-	-

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

Statement of Cash Flows

For the Half Year Ended 31 December 2009

	31 December 2009 \$	31 December 2008 \$
Cash from operating activities:		
Receipts from growers	565,130	-
(Payments to)/refunds suppliers and employees	(2,075,668)	3,669
Interest received	431	-
Interest paid	(45,718)	-
Net cash provided by (used in) operating activities	(1,555,825)	3,669
Net increase (decrease) in cash held	(1,555,825)	3,669
Cash at beginning of financial period	1,612,261	13,159
Cash at end of financial period	56,436	16,828

The accompanying notes form part of these financial statements

RFM Almond Fund 2006

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

1 Summary of Significant Accounting Policies

The financial report of AF06 for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 15 March 2010.

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2009 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 Scheme as the full financial report.

It is recommended that the half yearly financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by AF06 during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(b) 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 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.

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.

(c) Statement of compliance

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

RFM Almond Fund 2006

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

1 Summary of Significant Accounting Policies (continued)

(d) Change in Accounting Policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report.

Accounting standards and interpretations that are applicable to the next annual financial statements of the Scheme have been applied in this condensed financial report. These standards and interpretations have resulted in a change in the presentation of the financial statements, but have not resulted in changes to accounting policies.

(e) Going concern

The directors of the RE of the Scheme have prepared the financial report of the Scheme on a going concern basis.

The Scheme is economically dependent on RFM. RFM is a wholly owned subsidiary of Great Southern Limited (Receivers & Managers Appointed) (In Liquidation) (GSL). GSL entered voluntary administration on 16 May 2009 and receivership on 18 May 2009. RFM is neither in administration nor receivership, and its operating and financial affairs are autonomous to GSL. Contracts have been exchanged for the sale of RFM to its management team and settlement is expected in April 2010.

In addition to the sale of RFM, GSL has contracted to redeem its controlling 68.5% stake in the RFM Diversified Agricultural Fund (DAF). GSL effectively controls RFM Riverbank (RBK) through the DAF's 78.5% holding in that fund.

RFM is economically dependent on the DAF and RBK. The prospects for both the DAF and RBK have been uncertain since the collapse of GSL due to GSL's intentions to divest its interest in the DAF and also because a GSL subsidiary was the key lessee of RBK's almond orchards.

Both the RFM sale and DAF redemption are contingent on a number of conditions precedent, the most important relating to the recapitalisation of RBK including an equity raising, the extension of bank debt and securing counterparts to lease RBK's almond assets. This will allow RBK to redeem its units held by the DAF, and for the DAF in turn to redeem its units held by GSL.

Each of the elements of the RBK recapitalisation is at an advanced stage of completion and RFM is confident that they will be successful. This will remove all control by GSL over RFM and its managed entities, and provide a sound platform for RFM, the DAF and RBK to go forward.

In the event that these plans are not successful, RFM may not be able to meet its ongoing obligations to Scheme members under the individual contract obligations, which could materially impact the viability of the AF06 scheme.

RFM Almond Fund 2006

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

1 Summary of Significant Accounting Policies (continued)

(f) 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(g), 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.

(g) 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 expenditure.

RFM Almond Fund 2006

Notes to the Financial Statements

For the Half Year Ended 31 December 2009

2 Trade and Other Receivables

	31 December 2009 \$	30 June 2009 \$
CURRENT		
Loans to other related parties	149,200	-
Grower contributions receivable	2,902,523	2,102,855
	3,051,723	2,102,855

Trade receivables comprise the 2009 growers contribution, a finance charge as prescribed by the Scheme PDS, an additional interest charge for amounts past due, and an accrual for the 2010 growers contribution to 31 December 2009.

There are past due receivables of \$1,580,697 as at 31 December 2009 and payment plans have been agreed for \$556,360 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, licencing fees and interest.

3 Trade and Other Payables

	31 December 2009 \$	30 June 2009 \$
CURRENT		
Unsecured liabilities		
Trade payables	1,600,212	3,696,757
Sundry payables and accrued expenses	1,507,948	18,359
	3,108,160	3,715,116

4 Contingent Liabilities

There are no known contingent liabilities of a material nature as at 31 December 2009.

5 Capital Commitments

There are no significant capital items that have been contracted or committed for as at 31 December 2009 or subsequent to this date.

6 Subsequent events and economic dependency

Details regarding subsequent events and economic dependency are included in Note 1(e) Going Concern.

RFM Almond Fund 2006

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 half year ended 31 December 2009 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 Assurance Services Pty Limited

Cooma

15 March 2010

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