



GREAT SOUTHERN
FUNDS MANAGEMENT LTD



RFM Almond Fund 2006

2009 Grower Invoice

Frequently Asked Questions

Are Growers still required to pay the RFM Almond Fund 2006 (AF06) 2009 Tax Invoice given Great Southern Limited (GSL) is under the control of Receivers?

Yes, whilst GSL is in receivership, Great Southern Funds Management Ltd (GSFM), the manager and Responsible Entity for the AF06, remains solvent and continues to operate as normal.

When is the due date for payment?

Payment is due by 30 June 2009.

Why are Growers being charged interest even if they pay by 30 June 2009?

Interest is charged to Growers who pay by 30 June 2009 as GSFM has funded the operation during the year. Interest is charged at Bank Bill Swap Rate (BBSW) plus 8% however GSFM reduces the interest component to BBSW plus 4% provided payment is made by 30 June 2009.

What happens if a Grower is unable to pay the invoice by 30 June 2009?

Payments received after the due date will incur interest of BBSW plus 8%.

What happens if a Grower is unable to pay the invoice by 31 October 2009?

Growers are personally liable and responsible for paying the invoice. Just as Growers received a tax deduction for a component of their original investment, they are liable for each invoice issued by GSFM. If a Grower is unable to make the payment by 31 October 2009, they should contact GSFM immediately to discuss various payment options, but ultimately GSFM **in the interests of protecting the AF06 and all those Growers who have paid** will under clause 12.3 of the Farm Management Agreement, look to recover money owed.

GSFM does have the option of selling a Growers Grove(s) to recover outstanding fees but in the current economic environment GSFM is unlikely to pursue this option at this time. If GSFM sells the Grove(s) but does not cover the outstanding fees then GSFM can invoice the Grower for the shortfall. Similarly, if GSFM sells the Grove(s) for more than the outstanding fees then any surplus is paid back to Grower. Growers should not expect GSFM will recover sufficient funds to meet the Growers liabilities. Growers will be notified if GSFM takes control of their Grove(s), until then Growers remain liable for all costs associated with their Grove as detailed in the invoices issued by GSFM.

What if a Grower is unable to pay the invoice and GSFM is unable to sell the Grove?

If GSFM is unable to find a willing buyer for the Groves then under clause 12.3 of the Farm Management Agreement, the Grove(s) and its liabilities remain with the Grower. Interest will continue to compound and GSFM will retain the proceeds of Almond sales to pay outstanding fees. The Grower will be liable for fees, costs and interest incurred. GSFM may continue to seek a buyer for the Almond Grove however any shortfall will still be invoiced to the Grower.

What happens to the Growers tax deduction if they are unable to meet payments or sell their Grove?

There are two ATO Product Rulings relating to AF06. The Product Rulings allow Growers to claim a tax deduction under certain circumstances. The Product Rulings were made on the basis of participation in a 20 year project. If Growers deliberately leave early they may forego a tax benefit they may have otherwise received. Growers should seek tax advice and talk to the ATO if they are seeking to change arrangements other than those set out in the Product Rulings.

When will Growers start receiving income from their Groves?

The date at which Growers start to receive income is dependent upon the costs of operating the Groves and harvest revenue received. This year, year 3 is expected to be the most expensive year. Over the next two years (financial year 2010 and 2011) Growers are likely to receive invoices for operating costs, with the 2011 year forecast to be a small operating loss. From 2012 it is forecast that the Groves are cashflow positive.

The revenue from this year's harvest will be received throughout the 2010 financial year and cannot be offset against the cost of the Groves in the 2009 tax year.

When does the Price Management Plan (PMP) take affect?

GSFM is forecasting Almondco will pay between \$5.00 and \$5.50 per kilo for the crop harvested in March 2009. GSFM will then compensate Growers through the PMP, and Growers will receive \$8.20 per kg regardless of the Almond price received from Almondco. The PMP is capped at \$4,125 **per Grove**, and terminates when the cap is reached or after the 10 year term of the Project has expired (30 June 2016) - whichever is sooner.

Why is the cost per Grove higher than anticipated in the PDS?

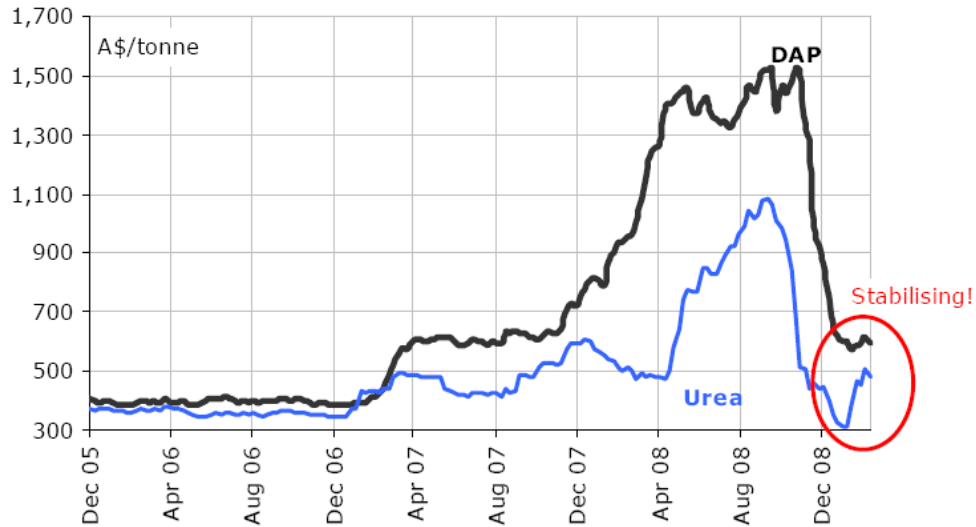
The invoice comprises four components as set out below.

The Deferred Establishment Fee, Management Fee and Licence are in line or below the forecasts set out in the AF06 Product Disclosure Statement in 2006.

The Operating Costs are greater than those that were forecast. In the PDS, the Operating Costs were forecast to be \$1,827. The actual operating costs incurred were higher by approximately \$400 per Grove due to significant increases in fuel and fertiliser costs which have almost doubled since 2006.

For example fuel and oil costs were budgeted at \$128.00 per Grove. However, the actual cost incurred was \$216.59 per Grove. In addition, the table below illustrates the impact that changing global fertiliser prices and currency movements have had on Australian fertiliser prices.

Chart 3. ANZ Calculated Import Parity Prices – last 3 years



Itemised costs per Grove

		Fee	GST	Total
Deferred Establishment Fee		\$0.91	\$0.09	\$1.00
Management Fee		\$177.30	\$17.70	\$195.00
Licence Fee		\$931.65	\$93.17	\$1,024.82
Operating Costs	Employee costs	\$344.08	\$34.41	\$378.49
	Services & contracts	\$464.58	\$46.46	\$511.04
	Consumables, materials, fuel, repairs & maintenance	\$729.41	\$72.94	\$802.35
	Plant & equipment leases, rental & hire	\$248.92	\$24.89	\$273.81
	Misc other	\$279.13	\$27.91	\$307.04
Interest charged at BBSW plus 4%		\$213.14	n/a	\$213.14
Total		\$3,389.12	\$317.57	\$3,706.69