

RiverBank

Financial Statements

For the Year Ended 30 June 2013

RFM RiverBank

ARSN 112 951 578

For the Year Ended 30 June 2013

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 RiverBank

ARSN 112 951 578

For the Year Ended 30 June 2013

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RFM RiverBank

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Directors of the Responsible Entity's Report

For the Year Ended 30 June 2013

The Directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM RiverBank ("RBK" or the "Trust") present their report on the Trust for the financial year ended 30 June 2013.

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 principal activities of RBK during the financial year were the leasing of almond properties including: land, water, irrigation systems, irrigation infrastructure and almond trees; and the further development of these almond assets.

The leases are operating leases with the main counterparties being Select Harvests Limited (SHV) and three tax effective almond managed investment schemes for which RFM is the Responsible Entity: RFM Almond Fund 2006 (AF06); RFM Almond Fund 2007 (AF07) and RFM Almond Fund 2008 (AF08).

Trust information

RBK is a registered Australian managed investment trust, and was constituted in 2005. RFM, the Responsible Entity of the Trust 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 profit attributable to unitholders of RBK after providing for income tax amounted to \$8,640,327 (2012: profit \$496,757). The 2013 profit before tax included four significant non-cash items. The increase in the valuation of the almond and olive trees of \$13,489,684 (2012: \$3,966,328), depreciation of \$1,375,880 (2012: \$1,291,345), an asset impairment of \$1,566,026 (2012: \$926,747) primarily relating to water, and an unrealised gain on interest rate financial instruments of \$587,742 (2012: loss of \$2,103,845). After adjusting for these items the 2013 profit before tax was \$1,482,271 (2012: \$1,318,145).

In accordance with the funding agreement between RBK and AF07, RBK undertakes to fund, in the form of a loan, the timing difference between actual operating costs and expenses of the orchard and the amounts received from harvest and growers. The loan will assist AF07 to meet the ongoing costs of orchard maintenance, management and other expenses, and also cover the growers who fail to make payment against their invoice. In addition, RBK bears the risk of default for growers who do not meet the required payments. The shortfall loan for 2013 was \$115,757 (2012: \$83,180) which was fully repaid in August 2013.

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Directors of the Responsible Entity's Report

For the Year Ended 30 June 2013

Review of Results and Operations (continued)

Operating results (continued)

In accordance with the funding agreement between RBK and AF08, RBK undertakes to fund, in the form of a loan, the timing difference between actual operating costs and expenses of the orchard and the amounts received from harvest and growers. The loan assists AF08 to meet the ongoing costs of orchard maintenance, management and other expenses, and also covers the growers who fail to make payment against their invoice. In addition, RBK bears the risk of default for growers who do not meet the required payments. The shortfall loan for 2013 was \$360,136 which was fully repaid in August 2013.

In 2012, RBK subsidised the growing costs of AF08 for the difference between the fixed subscription amount initially invoiced to growers and the actual orchard maintenance costs. This subsidy totalled \$512,976 in 2012. The fixed subscription period for AF08 ended at 30 June 2012 and growers are now invoiced for the full amount of the costs.

RiverBank was responsible for 91 almond groves in AF07 or 21.2% of the orchard and 102 almond groves in AF08 or 9.9% of the orchard as a result of the growers defaulting on their payment obligations. RBK publicly advertised for expressions of interest to lease these almond groves effective from 1 July 2013. RFM was the successful applicant and contracts are being finalised to effect this transaction.

The orchards, comprising land, water, irrigation infrastructure and trees, were independently valued by Colliers International Consultancy and Valuation Pty Limited in June 2013 at a fair value of \$91.5m (2012 restated: \$78.0m).

Distributions

RBK paid two distributions during the year. These were paid in August 2012 (2.10 cents per unit) and November 2012 (2.43 cents). The total amount paid was \$1.480m.

For full details of distributions refer to Note 27.

Performance

The table below sets out investors' returns over the past five years.

	2013	2012	2011	2010	2009
Distribution Return	1.84%	6.66%	7.23%	6.39%	5.72%
Growth Return	3.98%	(7.56)%	6.24%	23.63%	3.18%
Total Return	5.82%	(0.90)%	13.47%	30.02%	8.94%
Grossed Up Distribution	1.84%	7.78%	7.67%	6.39%	5.76%
Grossed Up Total	5.82%	0.22%	13.91%	30.02%	8.94%

The growth return is calculated as the return derived by a unitholder due to changes in capital value over the period. The distribution return is the return derived by a unitholder due to distributions paid by the Trust. The total return is calculated as the investment performance of the Trust assuming the reinvestment of all distributions back into the Trust. Grossed Up Returns include any franking credits distributed to unitholders.

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Directors of the Responsible Entity's Report

For the Year Ended 30 June 2013

Review of Results and Operations (continued)

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 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 year ended 30 June 2013 is 3.85% (2012: 3.93%).

Fees paid to and interests held by the Responsible Entity and associates

The following fees were paid to the Responsible Entity and its associates out of Trust property during the financial year:

- Management fee for the financial year paid and payable to the Responsible Entity \$932,833 (2012: \$888,451)
- Asset management fee for the financial year paid and payable to the Responsible Entity \$306,141 (2012: \$286,644)
- Expenses incurred by the Responsible Entity and reimbursed by the Trust in accordance with the Trust's constitution \$1,252,180 (2012: \$1,065,336)

The interests in the Trust held by the Responsible Entity and its associates at the end of the year are disclosed in Note 29 to the financial statements.

Unit prices

The ex-distribution exit prices and the highest and lowest exit prices for RBK for the past five years are shown below. All exit prices are exclusive of exit fees, and are based on the unit prices published on 15 June being the prices in effect at balance sheet date.

The Trust has taken advantage of Class Order 04/1575 that enables the assets and liability values of the Trust for unit pricing purposes to be calculated under previous GAAP and the Constitution has been amended accordingly.

	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$
As at 30th June	1.4882	1.4522	1.5755	1.4794	1.2675
Year to 30th June					
High	1.4882	1.5838	1.5815	1.4794	1.2675
Low	1.3589	1.4522	1.5315	1.1842	1.1692

Units on issue

32,733,121 units of RBK were on issue at 30 June 2013 (2012: 32,303,126). During the year 429,995 (2012: 4,904,743) units were issued by the Trust and nil (2012: nil) were redeemed.

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Directors of the Responsible Entity's Report

For the Year Ended 30 June 2013

Trust assets

At 30 June 2013 RBK held assets to a total value of \$96,696,770 (2012: \$88,365,399). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

Significant changes in state of affairs

There have been no significant changes during the financial year.

Banking facilities

In July 2012 RFM concluded negotiation of a new facility for \$3m with RBK's financier, National Australia Bank. Under the terms of the existing 2010 facility, RBK is required to have a Loan to Value Ratio (LVR) below 35% after 30 June 2013 (previously 40%). The new facility is not included in the calculation of the LVR but is required to be repaid by 30 June 2014. Based on valuations available at 30 June 2013 the LVR was 34.65% which was reported to NAB. Subsequent to 30 June 2013, an addendum to the 30 June valuation was issued lowering the value by \$1.4m and adjusting the LVR to 35.17%. Fair values taking into account the valuer's addendum, are reported in these accounts. Had management been aware of this valuation adjustment at 30 June 2013 action would have been taken to address lowering the LVR at 30 June 2013. The forecast LVR for the next reporting date of 30 September 2013 is 34.90%.

After balance day events

At balance date the Collaroy property and 2,808ML of Lachlan groundwater were held for sale and impaired to a value being negotiated with an interested party. After balance date, RFM negotiated to sell the 2,808ML of groundwater to another party. It was also decided after balance date that RBK will now retain the Collaroy property. Total assets would have increased by \$107,965 if this was known at balance date.

The Trust was responsible for 91 almond groves in AF07 (2012: 81) and 102 almond groves in AF08 (2012: 70) as a result of the growers defaulting on their payment obligations. The Trust publicly advertised for expressions of interest to assign these almond groves effective from 1 July 2013. RFM was the successful applicant offering the most commercially attractive bid and contracts are being finalised to effect these transactions. As a consequence, the Trust will receive the 2013 harvest proceeds for the 193 almond groves throughout the 2014 financial year. The Trust will not incur any further operating costs for these almond groves, and will receive both an upfront payment and rental income from RFM for these almond groves. The rental income will be consistent with the amounts charged to the continuing growers of AF07 and AF08. This will be beneficial to the Trust working capital throughout the 2014 financial year, and thereafter.

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

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Directors of the Responsible Entity's Report

For the Year Ended 30 June 2013

Likely developments and expected results

In October 2013, it is expected that an Explanatory Memorandum and vote documentation will be sent out to unitholders for a proposal to merge RBK with RFM Chicken Income Fund and RFM Australian Wine Fund. Under the proposal the new combined entity is expected to be listed on the Australian Securities Exchange. The restructure is expected to enable unitholders to unlock value in their investment by providing liquidity and the ability to exit their investment at a time they choose. It is also expected to lower the risk profile of the investment, increase diversification, and provide the merged fund greater access to capital markets. The unitholders vote is currently anticipated to be held in November 2013.

The Trust is expected to continue leasing activities and provide regular distributions to investors. However, no further distributions are expected to be declared until after November 2013.

Environmental regulation and performance

The operations of the Trust are subject to significant environmental regulation under the laws of the Commonwealth or of a State or Territory. Water usage for irrigation, domestic and levee purposes, including containing irrigation water from entering the river, water course or water aquifer are regulated by the Water Management Act 2000. Water licences are leased to external parties who are then responsible to meet the legislative requirements of these licences. There have been no known significant breaches of any environmental requirements applicable to the Trust.

Indemnification of Responsible Entity and Custodian

In accordance with the constitution, RBK 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.

RBK 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 RBK, Boyce Assurance Services Pty Limited, and can be found on page 47 of the Financial Report.

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



David Bryant
Director

Dated: 25 September 2013

RFM RiverBank

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Independent Audit Report to the members of RFM RiverBank

Report on the Financial Report

We have audited the accompanying financial report of RFM RiverBank, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the responsible entity.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity of the Trust 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 Trust'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 Trust'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 RiverBank

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Independent Audit Report to the members of RFM RiverBank

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Trust for the year ended 30 June 2013 included on the website of Rural Funds Management Limited. The Directors of the Responsible Entity of the Trust are responsible for the integrity of the website and we have not been engaged to report on its integrity. This audit report refers only to the financial report identified above and does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Responsible Entity's website.

Independence

In conducting our audit, 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 RiverBank on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of RFM RiverBank is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2013 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.

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Independent Audit Report to the members of RFM RiverBank

Emphasis of Matter

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 3 Going Concern, there will be pressure on maintaining the required Loan to Value Ratio in the coming months. This has primarily come about due to \$3.0 million of debt being due for repayment or renegotiation within the next 12 months. Management are confident in their ability to manage this issue and have a variety of options available to ensure the Trust can pay its debts as and when they fall due. The financial report of the Trust does not include any adjustments relating to the recoverability of liabilities that might be necessary should the Trust not be able to manage its working capital and continue as a going concern.



Katherine M Kelly

Director

Boyce Assurance Services Pty Limited
Cooma

Dated: 25 September 2013

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Directors of the Responsible Entity's Declaration

In accordance with a resolution of the Directors of the Responsible Entity of RFM RiverBank:

In the opinion of the Directors;

- (a) The financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2013 and of the performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, Corporations Regulations 2001 and the Trust's constitution; and

- (b) there are reasonable grounds to believe that the Trust 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 2013

RFM RiverBank

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Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$	2012 (Restated) \$
Revenue	4	8,252,350	8,005,861
Unrealised gain/(loss) on interest swaps		587,742	(2,103,845)
Increase in the value of biological assets	17	13,748,156	3,815,533
Other income	5	31,744	660,598
Depreciation and impairments	7	(2,941,906)	(2,218,092)
Management fees	29(a)	(1,238,974)	(1,175,095)
(Loss)/profit on sale of assets	7	(45,281)	36,177
Professional services		(1,204,938)	(806,022)
Costs of goods sold		(225,275)	(439,133)
Repairs and maintenance		(35,308)	(26,842)
Property expenses		(886,640)	(604,706)
Almond orchard maintenance costs		18,623	(512,977)
Finance costs	7	(2,989,746)	(3,395,573)
Other expenses		(452,756)	(326,948)
Profit before income tax		12,617,791	908,936
Income tax expense	9	(3,977,464)	(412,179)
Net profit after income tax		8,640,327	496,757
Finance costs			
Distribution to unitholders	27	-	(1,722,292)
Net profit/(loss) attributable to unitholders		8,640,327	(1,225,535)
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Revaluation increment/(decrement)	26	(119,703)	125,541
Income tax relating to components of other comprehensive income	26	17,955	(18,831)
Other comprehensive income for the period, net of tax		(101,748)	106,710
Total comprehensive income attributable to unitholders		8,538,579	(1,118,825)

The accompanying notes form part of these financial statements.

RFM RiverBank

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Statement of Financial Position

30 June 2013

	Note	2013 \$	2012 (Restated) \$
ASSETS			
Current assets			
Cash and cash equivalents	10	182,462	5,040,629
Trade and other receivables	11	1,761,196	1,819,287
Inventory	12	987,119	225,275
Other current assets	13	253,737	238,821
Current assets classified as held for sale	14	4,179,800	-
Total current assets		7,364,314	7,324,012
Non-current assets			
Property, plant and equipment	15	29,521,137	30,128,118
Intangible assets	16	24,417,609	29,009,243
Biological assets	17	35,393,710	21,904,026
Total non-current assets		89,332,456	81,041,387
TOTAL ASSETS		96,696,770	88,365,399
LIABILITIES			
Current liabilities			
Trade and other payables	18	1,573,683	2,465,583
Interest bearing liabilities	19	5,287,752	3,515,083
Total current liabilities		6,861,435	5,980,666
Non-current liabilities			
Interest bearing liabilities	19	33,692,000	37,843,545
Other non-current liabilities	20	1,553,125	1,553,125
Derivative financial liabilities	21	2,592,598	3,180,340
Deferred tax liabilities	22	4,433,478	491,718
Total non-current liabilities		42,271,201	43,068,728
TOTAL LIABILITIES (excluding net assets attributable to unitholders)		49,132,636	49,049,394
Net assets attributable to unitholders		47,564,134	39,316,005
TOTAL LIABILITIES		96,696,770	88,365,399

The accompanying notes form part of these financial statements.

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Statement of Changes in Net Assets Attributable to Unitholders

For the Year Ended 30 June 2013

	Note	Issued units \$	Asset Revaluation Reserve \$	Retained Earnings / (Accumulated Losses) \$	Net Assets Attributable to Unitholders \$
Balance at 1 July 2012		38,005,297	1,306,782	3,926	39,316,005
Other comprehensive income	26	-	(119,703)	-	(119,703)
Income tax relating to other comprehensive income	26	-	17,955	-	17,955
Total income and expense for the period recognised directly in equity		-	(101,748)	-	(101,748)
Net profit/(loss) before tax		-	-	12,617,791	12,617,791
Income tax applicable		-	-	(3,977,464)	(3,977,464)
Total income and expense for the period		-	(101,748)	8,640,327	8,538,579
Equity transactions					
Units issued during the year		544,422	-	-	544,422
Issue costs		(59,170)	-	-	(59,170)
Income tax applicable		17,751	-	-	17,751
Total equity transactions		503,003	-	-	503,003
Distributions to unitholders - capital	27	(793,453)	-	-	(793,453)
Balance at 30 June 2013		37,714,847	1,205,034	8,644,253	47,564,134

	Note	Issued units \$	Asset Revaluation Reserve \$	Retained Earnings / (Accumulated Losses) \$	Net Assets Attributable to Unitholders \$
Balance at 1 July 2011 (Restated)		33,802,515	1,200,072	1,229,461	36,232,048
Other comprehensive income	26	-	125,541	-	125,541
Income tax relating to other comprehensive income	26	-	(18,831)	-	(18,831)
Total income and expense for the period recognised directly in equity		-	106,710	-	106,710
Net profit/(loss) before tax		-	-	908,936	908,936
Income tax applicable		-	-	(412,179)	(412,179)
Total income and expense for the period		-	106,710	496,757	603,467
Equity transactions					
Units issued during the year		5,285,796	-	-	5,285,796
Issue costs		(566,964)	-	-	(566,964)
Income tax applicable		170,090	-	-	170,090
Total equity transactions		4,888,922	-	-	4,888,922
Distributions to unitholders	27	(686,140)	-	(1,722,292)	(2,408,432)
Balance at 30 June 2012		38,005,297	1,306,782	3,926	39,316,005

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash from operating activities:			
Receipts from customers		8,484,214	7,957,438
Payments to suppliers and employees		(4,760,407)	(4,268,735)
Interest received		47,915	101,169
Interest paid		(2,995,586)	(3,464,038)
Net cash provided by operating activities	31	776,136	325,834
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		90,000	55,127
Proceeds from sale of intangibles		-	2,000
Purchase of property, plant and equipment		(2,094,887)	(2,510,337)
Purchase of biological assets	17	-	(34,389)
Purchase of intangibles	16	-	(1,970,000)
Net cash (used in) investing activities		(2,004,887)	(4,457,599)
Cash flows from financing activities:			
Proceeds from issue of units		288,222	5,029,596
Proceeds from subscriptions held in trust		-	(45,136)
Proceeds from borrowings		1,180,393	6,324,776
Repayment of borrowings		(3,559,269)	(1,632,643)
Costs in relation to unit issue		(59,169)	(566,962)
Distributions paid		(1,479,593)	(2,474,374)
Net cash provided by / (used in) financing activities		(3,629,416)	6,635,257
Net cash increase / (decrease) in cash and cash equivalents		(4,858,167)	2,503,492
Cash and cash equivalents at beginning of year		5,040,629	2,537,137
Cash and cash equivalents at end of year	10	182,462	5,040,629

The accompanying notes form part of these financial statements.

RFM RiverBank

ARSN 112 951 578

Notes to the Financial Statements

For the Year Ended 30 June 2013

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

The financial report covers RFM RiverBank ("RBK" or the "Trust") as an individual entity. RBK is a trust, established and domiciled in Australia.

The financial report of RBK for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 25 September 2013.

RBK is a registered Australian managed investment trust, and was constituted in 2005. RFM, the Responsible Entity of the Trust, 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 Trust are described in the Directors of the Responsible Entity's report.

(b) Change of accounting policy

(i) Intangible assets

Intangibles are water licences that have previously been independently revalued or impaired in accordance with the revaluation model of the Australian Accounting Standard on Intangible Assets. For the revaluation model to be applied an active market for the asset is required. In recent periods the market for these water licences has become less active and as a result industry practice is increasingly to adopt the cost or impairment model of the accounting standard. Consequently, the accounting policy has been amended to adopt the cost or impairment approach where assets of separable and tradeable water rights are involved.

The financial effect of this change was:

	30 June 2013	30 June 2012	1 July 2011
	\$	\$	\$
Statement of Financial Position			
Decrease in intangible water licences		- (6,184,157)	(9,220,057)
Decrease in Total Assets		- (6,184,157)	(9,220,057)
Decrease in deferred income tax		- 927,624	1,383,009
Decrease in Total Liabilities		- 927,624	1,383,009
Decrease in Net Assets		- (5,256,533)	(7,837,048)

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(b) Change of accounting policy (continued)

The impact on the Statement of Comprehensive Income was:

	30 June 2013	30 June 2012
	\$	\$
Other comprehensive income		
Decrease in revaluation decrement		- 3,035,900
Change in income tax relating to components of other comprehensive income		- (455,385)
Total		<u>- 2,580,515</u>

The Trust has restated the comparative Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Net Assets attributable to Unitholders presented in this financial report from those previously reported to incorporate these financial effects.

(ii) Almond inventory

During the year the Responsible Entity clarified the ownership of almonds once delivered to the processor. It has been determined that the Trust retains ownership of the almonds until they are paid for. Consequently harvest proceeds receivable that were classified in debtors have been reclassified as inventory.

The financial effect of this change was:

Statement of Financial Position

	30 June 2013	30 June 2012	1 July 2011
	\$	\$	\$
Decrease in debtors		- (225,275)	(181,080)
Increase in inventory		- 225,275	181,080
Decrease in Total Assets		<u>-</u>	<u>-</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(b) Change of accounting policy (continued)

Statement of Comprehensive Income

	30 June 2013	30 June 2012
	\$	\$
Decrease in revenue (almond harvest proceeds)	-	(44,195)
Decrease in biological increment	-	(188,704)
Decrease orchard maintenance costs	-	413,979
Increase in cost of goods sold	-	(181,080)
Total	-	-

The Trust has restated the comparative Statement of Comprehensive Income and Statement of Financial Position presented in this financial report from those previously reported to incorporate these financial effects.

(c) Going concern

The going concern basis of accounting has been applied however reference is made to the issues raised in Note 3.

(d) Statement of compliance

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

(e) Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets, biological assets and financial liabilities for which the fair value basis of accounting has been applied.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(g) 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.

Amounts are received according to the terms of the property leases with the respective debtors.

(h) Inventory

Agricultural produce

Agricultural produce is the product of the Trust's biological assets. Agricultural produce on hand at year end is valued at the lower of cost and net realisable value. In accordance with the Agricultural accounting standard, subsequent to harvest taking place cost is measured as fair value less point of sale costs at the time of harvest. The carrying value of inventory is considered against net realisable value at balance date. Inventory includes almonds on hand, both delivered and undelivered at balance date as the ownership of the almonds does not transfer until they are paid for.

(i) Biological assets

In accordance with AASB141, almond and olive trees have been recognised at fair value. Fair value is determined as follows:

- up until the time when commercial yields are achieved, cost approximates fair value
- thereafter based on the present value of expected net cash flows from the almond and olive groves, discounted using a pre tax market determined rate.

All crops are measured on initial recognition (generally at planting) and at each subsequent reporting date at their fair value less estimated point of sales costs (net market value), unless the crops are immature and fair value cannot be reliably measured. In this instance the wheat biological assets have been recognised at cost less any impairment until such time as the fair value can be reliably measured as the plants are immature and fair value cannot be reliably measured.

(j) Property, plant and equipment

(i) General information

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

(ii) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

(ii) Property (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Revaluations of land and buildings:

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the Statement of Comprehensive Income, in which case the increment is recognised in the Statement of Comprehensive Income.

Any revaluation decrement is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(iii) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

(iv) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Trust commencing from the time the asset is held ready for use.

(v) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Capital Works in Progress	Nil
Plant and Equipment	6-25%
Motor Vehicles	6-15%
Irrigation Systems	3-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Capital works in progress are depreciated once the assets are in use.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

(vi) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(k) Intangibles

Water licences are initially brought to account at cost. The asset is considered to have an infinite life and so no amortisation is applied. Where an active market can be established for the water licences they will be revalued or reviewed for impairment at the end of each financial year. The useful life of the water licences is reviewed each reporting period to determine whether infinite life assessments continue to be applicable. In recent periods the market for water licences has become less active and as a result industry practice is increasingly to adopt the cost or impairment model of the accounting standard. Consequently, the accounting policy has been amended to adopt the cost or impairment approach where assets of separable and tradeable water rights are involved.

(l) Impairment of assets

At each reporting date, the Trust 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 first applied against any previous revaluation of that asset and where the revaluation reserve has been fully utilised the balance is expensed to the statement of comprehensive income except where it reverses a previous revaluation increment that has been applied to the asset revaluation reserve.

(m) Financial instruments

(i) 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.

(ii) 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.

(iii) Financial liabilities

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

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

(iv) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(n) Derivative financial instruments

The fair value of interest rates swaps is calculated by reference to current interest rates and is based on bank valuations.

All derivatives do not qualify for hedge accounting and are classified as held for trading, with any gains or losses arising from changes in fair value taken directly to net profit or loss for the year.

(o) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Trust no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or the cash flows attributable to the instrument are passed through to an independent third party.

(p) 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 Trust.

Payables include outstanding settlements on the purchase of investments and distributions payable, the carrying period is dictated by market conditions and is generally less than 30 days.

(q) Unitholders' funds

Under AASB132: *Financial instruments: Disclosure and Presentation*, unitholders' funds must be regarded as liabilities where a Trust's constitution contains a perpetuity clause requiring the trust to be terminated at a particular date.

(r) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders: and

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(r) Terms and conditions on units (continued)

- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(s) Revenue

Revenue from the rental of property, plant and equipment and biological assets is recognised on an accruals basis in accordance with lease agreements.

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

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

(t) Lease revenue

The minimum rental revenue of operating leases with fixed increases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised on a straight line basis. Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

(u) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised as an expense in the period in which they are incurred.

(v) Goods and Services Tax (GST)

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

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

(w) Income tax

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

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(w) Income tax (continued)

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

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

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

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

(x) Distributions

In accordance with the Trust's Constitution, the Responsible Entity of the Trust has the discretion to distribute both income and capital.

(y) 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 Trust has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Trust:

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

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

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

<p>AASB 13 Fair Value Measurement.</p> <p>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]</p>	<p>30 June 2014</p>	<p>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.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.</p> <p>The entity has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
<p>AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</p>	<p>30 June 2014</p>	<p>Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.</p>	<p>The entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.</p>

2 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 and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of 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.

Valuation

An independent property valuation was obtained from Colliers International Consultancy and Valuation Pty Limited in June 2013 and increments and decrements recognised in the accounts are based on the valuation accordingly. The valuer uses judgement to allocate the value over land, water licences, and infrastructure including almond trees.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Significant accounting judgements, estimates and assumptions (continued)

Colliers International Consultancy and Valuation Pty Limited used a value-in-use approach to value assets applying a discounted cashflow model to derive a fair value for the assets. Colliers International Consultancy and Valuation Pty Limited valued the Moorah and Yilgah almond orchard properties and associated assets, as well as the Steak Plains and Collaroy properties.

A judgement has been made by the Directors on the allocation between infrastructure, almond and olive trees. The infrastructure, being mainly irrigation improvements, is judged to be valued at its written down value and therefore the remainder of the valuation is allocated to the biological assets, being the almond and olive trees.

3 Going concern

The Directors of RFM have determined that RBK is a going concern and will be able to pay its debts as and when they fall due.

In July 2012 RFM concluded negotiation of a new facility for \$3m with RBK's financier, National Australia Bank. Under the terms of the existing 2010 facility, RBK is required to have a Loan to Value Ratio (LVR) below 35% after 30 June 2013 (previously 40%). The new facility is not included in the calculation of the LVR but is required to be repaid by 30 June 2014. Based on valuations available at 30 June 2013 the LVR was 34.65% which was reported to NAB. Subsequent to 30 June 2013, an addendum to the 30 June valuation was issued lowering the value by \$1.4m and adjusting the LVR to 35.17%. Fair values taking into account the valuer's addendum, are reported in these accounts. Had management been aware of this valuation adjustment at 30 June 2013 action would have been taken to address lowering the LVR at 30 June 2013. The forecast LVR for the next reporting date of 30 September 2013 is 34.90%.

The Trust was responsible for 91 almond groves in AF07 (2012: 81) and 102 almond groves in AF08 (2012: 70) as a result of the growers defaulting on their payment obligations. The Trust publicly advertised for expressions of interest to assign these almond groves effective from 1 July 2013. RFM was the successful applicant offering the most commercially attractive bid and contracts are being finalised to effect these transactions. As a consequence, the Trust will receive the 2013 harvest proceeds for the 193 almond groves throughout the 2014 financial year. The Trust will not incur any further operating costs for these almond groves, and will receive both an upfront payment and rental income from RFM for these almond groves. The rental income will be consistent with the amounts charged to the continuing growers of AF07 and AF08. This will be beneficial to the Trust working capital throughout the 2014 financial year, and thereafter. Further, management have the ability to defer capital expenditure and distributions, as well as selling non-core assets in order to manage working capital.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

4 Revenue

	2013	2012 (Restated)
	\$	\$
Rental revenue	7,066,830	6,816,419
Interest received	47,915	101,169
Reimbursement of water charges and temporary water sales	865,346	691,563
Sales - Wheat	-	215,630
Sales - Almonds	272,259	181,080
Total	8,252,350	8,005,861

5 Other income

Refund from suppliers	-	230,740
Agistment income	27,693	4,897
Insurance recoveries	-	424,800
Other income	4,051	161
Total	31,744	660,598

6 Leases in financial statements of lessors

The minimum future rental income to be received on non-cancellable operating leases of agricultural properties that generally extend for periods of more than one year are as follows:

Less than 1 year	6,600,199	6,322,894
1 to 5 years	27,101,654	24,447,916
Over 5 years	67,001,916	66,599,992
Total	100,703,769	97,370,802

The almond orchards on Moorah are leased to Select Harvests Limited, and three managed investment schemes for which RFM is the Responsible Entity; RFM Almond Fund 2006, RFM Almond Fund 2007 and RFM Almond Fund 2008. The almond orchards on Yilgah are leased to Select Harvests Limited. The olive orchard on Steak Plains is leased to Steak Plains Olive Farm. The olive orchard lease was executed during the financial period.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

7 Profit from ordinary activities

Expenses

	Note	2013 \$	2012 \$
Finance Costs:			
RFM		171,652	260,348
External		2,818,094	3,135,225
Total finance costs		2,989,746	3,395,573
Depreciation and impairments:			
Depreciation on property, plant and equipment		1,375,880	1,291,345
Impairment on property, plant & equipment recognised in the income statement	15(a)	54,193	567,047
Impairment on intangibles recognised in the income statement	16(b)	1,511,833	359,700
Total depreciation and impairments		2,941,906	2,218,092
Loss/(profit) of sale of property, plant and equipment		45,281	(36,177)

8 Auditor's remuneration

Remuneration of the auditor of the Trust for:

- Auditing or reviewing the financial report		76,974	70,425
- Taxation services		930	11,368
- Other services		-	532
Total auditor's remuneration		77,904	82,325

9 Income tax expense

(a) The major components of income tax expense comprise:

Relating to origination and reversal of temporary differences		3,977,466	413,074
Adjustments in respect of deferred income tax of previous years		-	(895)
Income tax expense reported in the income statement		3,977,466	412,179

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Notes to the Financial Statements

For the Year Ended 30 June 2013

9 Income tax expense (continued)

(b) Amounts charged or credited directly to equity

	2013	2012 (Restated)
	\$	\$
Net gain on revaluations	(17,955)	18,831
Capitalised issue costs	(17,751)	(170,089)
Income tax expense reported in equity	(35,706)	(151,258)

(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Trust's applicable income tax rate is as follows:

Accounting profit before tax from continuing operations	12,617,791	908,936
At the statutory income tax rate of 30% (2012:30%)	3,785,337	272,681
Adjustments where prior year deferred tax asset not recognised (Increment)/impairment of assets at 15%	-	(895)
Total	3,977,464	412,179

(d) Franking credits

At 30 June 2013 franking credits of \$128,537 are available to apply to future income distributions.

10 Cash and cash equivalents

Cash at bank	182,462	5,040,629
Total	182,462	5,040,629

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	182,462	5,040,629
Total	182,462	5,040,629

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Notes to the Financial Statements

For the Year Ended 30 June 2013

11 Trade and other receivables

	2013	2012 (Restated)
	\$	\$
CURRENT		
Trade receivables	1,064,784	1,149,028
Advances to Almond Schemes	475,892	83,180
Sundry debtors	220,520	587,079
Total trade and other receivables	1,761,196	1,819,287

There were no past due or impaired receivables at the reporting date.

12 Inventories

CURRENT		
Agricultural produce	987,119	225,275
Total inventory	987,119	225,275

Agricultural produce inventory represents almonds which have been harvested but not yet sold.

13 Other assets

CURRENT		
Prepayments	253,737	238,821
Total other assets	253,737	238,821

14 Current assets classified as held for sale

Collaroy property	1,100,000	-
2,808 ML of Lachlan groundwater	1,650,000	-
1,199 ML of high security Lachlan river water	1,429,800	-
Total current assets classified as held for sale	4,179,800	-

250ML of the high security Lachlan river water settled on 3 July 2013. At balance date the Collaroy property and 2,808ML of Lachlan groundwater were held for sale and impaired to a value being negotiated with an interested party. After balance date RFM negotiated to sell the 2,808ML of groundwater to another party. It was also decided after balance date that RBK will now retain the Collaroy property.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Property plant and equipment

	2013	2012
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	5,329,797	6,603,693
Buildings		
At cost	2,002,440	1,568,447
Less accumulated depreciation	(82,744)	(30,263)
Total buildings	1,919,696	1,538,184
Total land and buildings	7,249,493	8,141,877
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	714,346	587,520
Total capital works in progress	714,346	587,520
Plant and equipment		
At cost	4,984,468	4,989,496
Less accumulated depreciation	(2,453,058)	(2,161,920)
Total plant and equipment	2,531,410	2,827,576
Motor vehicles		
At cost	312,240	291,316
Less accumulated depreciation	(115,830)	(98,350)
Total motor vehicles	196,410	192,966
Improvements		
At cost	1,017,001	669,276
Accumulated depreciation	(131,536)	(17,357)
Total improvements	885,465	651,919
Irrigation system		
At cost	20,848,321	19,955,105
Accumulated depreciation	(2,904,308)	(2,228,845)
Total irrigation system	17,944,013	17,726,260
Total property, plant and equipment	29,521,137	30,128,118

An independent valuation as at June 2013 was performed by Colliers International Consultancy and Valuation Pty Limited for the revaluation of the Yilgah and Moorabool properties. The carrying value of land if it had been carried under the cost model would be \$5,382,270 (2012: \$5,633,771). The Collaroy property was held for sale at balance date, and its carrying value under the cost model is \$251,501.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Property plant and equipment (continued)

(a) Movements in carrying amounts

	Capital Works in Progress	Land and Buildings	Irrigation System	Plant and Equipment	Motor Vehicles	Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Current Year							
Balance at the beginning of the year	587,520	8,141,877	17,726,260	2,827,576	192,966	651,919	30,128,118
Additions	2,178,074	-	-	-	-	-	2,178,074
Disposals	-	-	-	(98,760)	(36,519)	-	(135,279)
Transfers	(2,051,248)	433,994	893,216	298,937	77,376	347,725	-
Reclassified to held for sale	-	(1,100,000)	-	-	-	-	(1,100,000)
Revaluation increase/(decrease) recognised in equity	-	(119,703)	-	-	-	-	(119,703)
Revaluation increase/(decrease) recognised in income	-	(54,193)	-	-	-	-	(54,193)
Depreciation	-	(52,482)	(675,463)	(496,343)	(37,413)	(114,179)	(1,375,880)
Carrying amount at the end of the year	714,346	7,249,493	17,944,013	2,531,410	196,410	885,465	29,521,137
Prior Year							
Balance at the beginning of the year	383,640	7,883,198	17,736,979	2,972,238	135,793	312,934	29,424,782
Additions	2,485,681	-	-	-	-	-	2,485,681
Disposals	-	-	-	(12,936)	(6,214)	-	(19,150)
Transfers to expense / biological asset additions	(30,345)	-	-	-	-	-	(30,345)
Transfers	(2,251,456)	730,448	609,939	455,411	100,147	355,511	-
Revaluation increase/(decrease) recognised in equity	-	125,541	-	-	-	-	125,541
Revaluation increase/(decrease) recognised in income	-	(567,047)	-	-	-	-	(567,047)
Depreciation	-	(30,263)	(620,658)	(587,137)	(36,760)	(16,526)	(1,291,344)
Carrying amount at the end of the year	587,520	8,141,877	17,726,260	2,827,576	192,966	651,919	30,128,118

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For the Year Ended 30 June 2013

16 Intangible assets

(a) Carrying values table

	2013 \$	2012 (Restated) \$
Water licences - Lachlan groundwater		
At lower of cost and valuation (restated)	24,417,609	27,210,743
Water licences - Lachlan River		
At lower of cost and valuation	-	1,798,500
Total Intangibles	24,417,609	29,009,243

(b) Movements in carrying amounts

	Water licences - Lachlan groundwater - (Restated) \$	Water licences - Lachlan River (Restated) \$	Total (Restated) \$
Year ended 30 June 2012			
Opening balance	27,210,743	2,160,000	29,370,743
Additions / (sales)	-	(1,800)	(1,800)
Transfers	-	-	-
Revaluation (decrease)/increase recognised in income	-	(359,700)	(359,700)
Balance at 30 June 2012	27,210,743	1,798,500	29,009,243
Year ended 30 June 2013			
Opening balance	27,210,743	1,798,500	29,009,243
Additions / (sales)	-	-	-
Reclassified to held for sale	(1,650,000)	(1,429,800)	(3,079,800)
Revaluation (decrease)/increase recognised in income	(1,143,134)	(368,700)	(1,511,834)
Balance at 30 June 2013	24,417,609	-	24,417,609

An external valuation was obtained from Colliers International Consultancy and Valuation Pty Limited on an unencumbered basis at June 2013. Based on this valuation it has been assessed that cost exceeded fair value at 30 June 2013 by \$1,958,453 (2012: \$446,619).

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For the Year Ended 30 June 2013

17 Biological assets

	Almonds (Cost) \$	Olive Trees (Fair Value) \$	Almond Trees (Fair Value) \$	Wheat (Cost) \$	Total (Restated) \$
Year ended 30 June 2012					
Opening balance	-	-	17,903,310	85,689	17,988,999
Additions/purchases	369,784	-	34,388	-	404,172
Decreases due to sales	(181,080)	-	-	(123,598)	(304,678)
Revaluation increase/(decrease) recognised in income	(188,704)	-	3,966,328	37,909	3,815,533
Balance at 30 June 2012	-	-	21,904,026	-	21,904,026
(Non-current)	-	-	21,904,026	-	21,904,026
Year ended 30 June 2013					
Opening balance	-	-	21,904,026	-	21,904,026
Additions/purchases	13,787	-	-	-	13,787
Decreases due to sales	(272,259)	-	-	-	(272,259)
Revaluation increase recognised in income	258,472	1,312,433	12,177,251	-	13,748,156
Balance at 30 June 2013	-	1,312,433	34,081,277	-	35,393,710
(Non-current)	-	1,312,433	34,081,277	-	35,393,710

Biological assets consist of almond and olive trees situated on properties located near Hillston in NSW. The Trust owns and maintains the trees for the purpose of leasing these assets to third parties. At 30 June 2013 the Trust owned almond trees on 1,814 hectares of land (2012:1,814 hectares), and olive trees on 320 hectares of land (2012: 320 hectares).

Financial risk arises from changes in the value of the almond and olive orchards (2013 and 2012) and the cost of wheat (2012) because of the price risk of inputs such as water, fuel and fertiliser. These price risks are managed through prudent monitoring of input prices and biological asset levels.

The Trust was responsible for 91 almond groves in AF07 (2012: 81) or 21.2% of the orchard and 102 almond groves in AF08 (2012: 70) or 9.9% of the orchard as a result of the growers defaulting on their payment obligations. The Trust publicly advertised for expressions of interest to assign these almond groves effective from 1 July 2013. RFM was the successful applicant offering the most commercially attractive bid and contracts are being finalised to effect these transactions.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

18 Trade and other payables

	2013	2012
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	208,607	385,280
Sundry payables and accrued expenses	1,365,076	1,394,163
Distribution declared and unpaid	-	686,140
Total trade and other payables	1,573,683	2,465,583

Trade payables are payable on 30-90 day terms and are not interest bearing.

19 Interest bearing liabilities

CURRENT

Unsecured liabilities

Loan - RFM	1,800,000	-
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Secured liabilities

Bills of exchange	3,000,000	-
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Equipment loans	487,752	515,083
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Vendor finance - Lachlan Farming Limited	-	3,000,000
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Total	5,287,752	3,515,083
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NON-CURRENT

Unsecured liabilities

Loan - RFM	-	1,800,000
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Secured liabilities

Bills of exchange	32,270,000	34,600,000
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Equipment loans	1,422,000	1,443,545
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Total	33,692,000	37,843,545
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(a) Total current and non-current liabilities

Equipment loans	1,909,752	1,958,628
-----------------	-----------	-----------

Bills of exchange	35,270,000	34,600,000
-------------------	------------	------------

Loan - RFM	1,800,000	1,800,000
------------	-----------	-----------

Vendor finance - Lachlan Farming Limited	-	3,000,000
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Total	38,979,752	41,358,628
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Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Interest bearing liabilities (continued)

(b) The carrying amounts of non-current assets pledged as security

	2013	2012 (Restated)
	\$	\$
Mortgages over "Yilgah" and "Mooral"	84,532,000	74,273,243
Mortgages over "Steak Plains" and "Collaroy"	6,048,904	3,747,600
Equipment loans	1,909,752	1,958,629
Total	92,490,656	79,979,472

(i) Loan facility - National Australia Bank

The loan facility with National Australia Bank is secured by:

- fixed and floating charge over the whole of the assets of RFM as Responsible Entity for RBK
- registered mortgages over properties situated at "Yilgah" & "Collaroy", Roto Road, Hillston, NSW and "Mooral" & "Steak Plains", Merungle Road, Hillston, NSW given by Australian Executor Trustees Limited as custodian for RBK
- registered mortgages over various water access licences given by Australian Executor Trustees Limited as custodian for RBK

The bills of exchange are accepted and discounted at the National Australia Bank's floating rate. Facility and activation fees are a further 1.75% p.a on the \$35m facility and 3.00% p.a. on the \$3m facility. The covenants within the bank borrowings require the maintaining of a maximum gearing ratio of 40% until 30 June 2013 and thereafter to be 35% (excluding the \$3m facility).

Based on valuations available at 30 June 2013 the LVR was 34.65% which was reported to NAB. Subsequent to 30 June 2013, an addendum to the June valuation was issued, lowering the value by \$1.4m and adjusting the LVR to 35.17%. Fair values taking into account the valuer's addendum are reported in these accounts. Had management been aware of this valuation adjustment at 30 June 2013 action would have been taken to address the LVR at 30 June 2013. The forecast LVR for the next reporting date of 30 September 2013 is 34.90%.

(ii) Vendor finance - Lachlan Farming Limited

The vendor finance with LFL was secured by a second mortgage over property situated at "Yilgah" Roto Road, Hillston and "Mooral" Merungle Road, Hillston. On 8 July 2011 the Directors of LFL agreed to vary the terms of the vendor finance to reflect the final \$3 million being payable on or before 20 December 2012. The loan was fully repaid on 12 July 2012.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Interest bearing liabilities (continued)

(b) The carrying amounts of non-current assets pledged as security (continued)

(iii) Loan - Rural Funds Management Limited

The loan from RFM is currently unsecured, however the loan agreement allows RFM at its discretion to place security over the loan through a fixed and floating charge over the whole of the assets of RFM as Responsible Entity for RBK, ranking behind the primary and secondary financiers. The loan is subject to a variable rate of interest determined from the 11am cash rate as published on the last day of the month; interest is payable monthly. From 30 June 2010 the base interest rate is determined from the National Australia Bank benchmark rate. At balance date the loan had a termination date of 1 June 2014. Subsequent to year end the facility was extended with a new termination date being 1 January 2015.

20 Other liabilities

	2013	2012
	\$	\$
NON-CURRENT		
Security deposit - Select Harvests Limited	1,553,125	1,553,125
Total other liabilities	1,553,125	1,553,125

21 Derivative financial assets/liabilities

NON-CURRENT		
Interest rate swaps	2,592,598	3,180,340
Total	2,592,598	3,180,340

Gains and losses arising from changes in net fair value of interest rate swaps are recognised in the statement of comprehensive income in the period in which they arise. Terms and conditions of interest rate swaps are set out at Note 24(e).

22 Deferred tax

(a) Deferred tax liabilities

	2013	2012 (Restated)
	\$	\$
Biological assets	7,155,189	2,997,521
Fair-valued property, plant & equipment (including depreciation)	430,421	526,488
Gross deferred tax liabilities	7,585,610	3,524,009
Set-off of deferred tax assets	(3,152,132)	(3,032,291)
Net deferred tax liabilities	4,433,478	491,718

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Notes to the Financial Statements

For the Year Ended 30 June 2013

22 Deferred tax (continued)

(b) Deferred tax assets

	2013	2012 (Restated)
	\$	\$
Accruals	19,715	32,267
Receivables	90,000	-
Borrowing costs	11,310	17,520
Derivative financial instruments	777,779	954,102
Legal costs	93,496	16,170
Provision for doubtful debts	360	-
Equity raising costs	211,978	330,457
Unused income tax losses	1,926,683	1,681,774
Unused capital tax losses	20,811	-
Gross deferred tax assets	3,152,132	3,032,290
Set-off deferred tax liabilities	(3,152,132)	(3,032,290)
Net deferred tax assets	-	-

23 Recognised deferred tax assets and liabilities

	Current income tax		Deferred income tax	
	2013	2012 (Restated)	2013	2012 (Restated)
	\$	\$	\$	\$
Opening balance	-	-	(491,718)	(230,797)
Charged to income	-	-	(3,977,466)	(412,179)
Charged to equity	-	-	35,706	151,258
Other payments	-	-	-	-
Closing balance	-	-	(4,433,478)	(491,718)
Tax expense in income statement	-	-	3,977,464	412,179
Amounts recognised in the balance sheet:				
Deferred tax liability	-	-	(4,433,478)	(491,718)

24 Financial instruments

(a) Financial risk management policies

Risks arising from holding financial instruments are inherent in the Trust's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Trust is exposed to interest rate risk, credit risk and liquidity risk.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

24 Financial instruments (continued)

(a) Financial risk management policies (continued)

Financial instruments of the Trust comprise derivatives, cash and cash equivalents, interest bearing liabilities 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 unitholders of the Trust 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.

As part of its risk management strategy, the Trust uses derivatives by way of interest rate swaps to manage exposures resulting from changes in interest rates.

Concentrations of risk arise where a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trust monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(b) Interest rate risk

Interest rate risk is managed by ensuring that the Trust has a combination of fixed and floating rate debt, along with the use of interest rate swap contracts. RBK does not speculate in the trading of derivative instruments. The Responsible Entity is responsible for determining the appropriate exposure to variable interest rate risk to further reduce the risk associated with variable interest rates. At 30 June 2013, approximately 4.90% of the Trust's debt is fixed, excluding the impact of interest rate swap contracts.

At balance date the Trust had the following mix of financial assets and liabilities exposed to cash flow risk on variable interest rates.

	2013	2012
	\$	\$
Cash	182,462	5,040,629
Bills of exchange	(35,270,000)	(34,600,000)
Loan - RFM	(1,800,000)	(1,800,000)
Total	(36,887,538)	(31,359,371)

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Notes to the Financial Statements

For the Year Ended 30 June 2013

24 Financial instruments (continued)

(c) Liquidity risk and capital management

The Trust manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The Trust is complying with the current loan to valuation ratio (LVR) covenant which is not to exceed 40% of the fair market value of the properties held for security up until 30 June 2013, and to not exceed 35% thereafter. Details of the LVR at 30 June 2013 are included at Note 19(b)(i).

The Responsible Entity of the Trust defines capital as net assets attributable to unitholders. The Trust's objectives when managing capital are to safeguard the activities of the Trust as a going concern and to maintain an optimal capital structure in order to reduce the cost of capital.

In July 2012 RFM concluded negotiation of a new facility for \$3m with RBK's financier, National Australia Bank. Under the terms of RBK's existing facility RBK is required to have a LVR below 35% after 30 June 2013. The new facility is not included in the calculation of the LVR and is due for repayment on 30 June 2014.

Management intends to renegotiate this repayment. However, if it is not successful in doing so, RFM can manage the working capital through the sale of non-core assets and/or the deferral of distributions and capital expenditure.

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

(d) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations.

The Trust does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Trust.

(e) Interest rate swaps held for trading

Interest rate swap transactions entered into by the Trust to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The economic entity has both variable and fixed interest rate debt and enters into swap contracts to receive interest at both variable and fixed rates and pay interest at fixed rates.

The notional principal amounts of the swap contracts approximates 66% of the Trust's borrowing facility. The settlement dates of the swap contracts correspond with the interest payment dates of the borrowings. The swap contracts require settlement of the net interest receivable or payable and are brought to account as an adjustment to finance costs.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

24 Financial instruments (continued)

(e) Interest rate swaps held for trading (continued)

At balance date, the details of the interest rate swap contracts are:

	Effective Average Interest Rate Payable		Notional Principal	
	2013	2012	2013	2012
	%	%	\$	\$
Settlement - Greater than 5 years	6.45	6.45	23,000,000	23,000,000
			23,000,000	23,000,000

The net gain recognised on the swap derivative instruments for the year ended 30 June 2013 was a gain of \$587,742 (2012 loss: \$2,103,846).

(f) Net fair value

The only financial asset or liability which differs between fair and carrying values are the equipment loans. The carrying value of the equipment loans at 30 June 2013 closely approximates the net fair value.

The fixed interest rates range between 6.5% and 9.6% (2012: 6.5% and 9.6%).

(g) Sensitivity analysis - interest rate risk

At 30 June 2013, the effect on profit and equity as a result of changes in the interest rate net of the effect of interest rate swaps, with all other variables remaining constant would be as follows:

	2013	2012
	\$	\$
Change in profit		
- Increase in interest rate by 1%	(140,700)	(83,594)
- Decrease in interest rate by 1%	140,700	83,594
Change in equity		
- Increase in interest rate by 1%	(98,490)	(58,516)
- Decrease in interest rate by 1%	98,490	58,516

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Notes to the Financial Statements

For the Year Ended 30 June 2013

24 Financial instruments (continued)

(h) Maturity analysis

Maturity analysis of financial liabilities based on contractual maturity. The table below reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2013.

The amounts disclosed in the table are the contractual undiscounted cash flows, except for interest rate swaps and bills of exchange where the cash flows have been estimated using interest rates applicable at the reporting date.

In regard to the redemption of net assets attributable to unitholders the terms of the Constitution require a redemption offer to be made on a periodic basis and at an amount set at the discretion of the Responsible Entity. Any redemption offer has to be made in accordance with the Corporations Law. A Member can only withdraw when there is a current redemption offer open for acceptance.

	Less than 6 months		6 months to 1 year		1 - 3 years		3 - 5 years		Over 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	182,463	5,040,629	-	-	-	-	-	-	-	-	182,463	5,040,629
Receivables	1,761,197	1,819,287	-	-	-	-	-	-	-	-	1,761,197	1,819,287
Total Financial Assets	1,943,660	6,859,916	-	-	-	-	-	-	-	-	1,943,660	6,859,916
Financial Liabilities:												
Bills of exchange	1,093,005	1,291,498	4,093,005	1,291,498	3,962,793	5,165,992	35,325,333	39,765,992	-	-	44,474,136	47,514,980
Trade and sundry payables	1,573,684	2,465,583	-	-	-	-	-	-	-	-	1,573,684	2,465,583
LFL vendor finance	-	3,011,342	-	-	-	-	-	-	-	-	-	3,011,342
RFM loan	82,980	90,720	1,882,980	90,720	-	1,966,527	-	-	-	-	1,965,960	2,147,967
Equipment loans	317,658	337,375	286,427	303,179	987,962	973,202	486,847	483,013	143,502	192,598	2,222,396	2,289,367
Interest rate swaps	-	-	-	-	-	-	-	-	2,592,598	3,180,340	2,592,598	3,180,340
Total Financial Liabilities	3,067,327	7,196,518	6,262,412	1,685,397	4,950,755	8,105,721	35,812,180	40,249,005	2,736,100	3,372,938	52,828,774	60,609,579

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For the Year Ended 30 June 2013

25 Issued units

Units on issue

	2013	2012
	No.	No.
Units on issue at the beginning of the financial year	32,303,126	27,398,383
Units issued during the financial year	429,995	4,904,743
Units on issue at the end of the financial year	32,733,121	32,303,126

The terms and conditions attached to units in the Trust can be found in Note 1(r).

The unit redemption price issued on 15 July 2013 and based on 30 June 2013 values was \$1.4941 (2012: \$1.3750) representing \$48,906,818 (2012: \$44,416,798).

26 Asset revaluation reserve

	2013	2012
	\$	(Restated) \$
Opening balance	1,306,781	1,200,071
Net (decrement)/increment in property, plant and equipment	(119,703)	125,541
Total comprehensive income	(119,703)	125,541
Income tax applicable	17,955	(18,831)
	(101,748)	106,710
Closing balance	1,205,033	1,306,781

The asset revaluation reserve is used to record increments and decrements in the fair value of the Trust assets to the extent that each asset offsets one another.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

27 Distributions paid

	Tax deferred \$	Income \$	Total \$	Cents per unit \$
Distributions paid - 2013				
Distribution - November 2012	793,453	-	793,453	0.024
Total distribution for the year ended 30 June 2013	793,453	-	793,453	0.024
Distributions paid - 2012				
Interim distribution - November 2011	-	568,289	568,289	0.021
Interim distribution - February 2012	-	576,651	576,650	0.021
Interim distribution - May 2012	-	577,352	577,352	0.021
Final distribution - 30 June 2012	686,140	-	686,140	0.021
Total distribution for the year ended 30 June 2012	686,140	1,722,292	2,408,431	0.084

28 Key management personnel compensation

(a) Directors

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

David Bryant
Michael Carroll
Guy Paynter

(b) Other key management personnel

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

The constitution of RBK is a legally binding document between the unit holders of the Trust and RFM as Responsible Entity. Under the constitution, RFM is entitled to the following remuneration:

- Application Fee – 3% of the value of each application for units in the Trust.
- Management Fee – 1% per annum of the gross value of Trust assets.
- Asset Management Fee - 1% per annum of the value of net assets.
- Performance Bonus – 20% of the amount by which return on equity in a year exceeds an amount equal to 10% per annum of the total application price of units on issue.
- Expenses – all expenses incurred by the RFM in relation to the proper performance of its duties in respect of the Trust are payable or reimbursable out of the Trust assets to the extent that such reimbursement is not prohibited by Corporations Law.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

28 Key management personnel compensation (continued)

(b) Other key management personnel (continued)

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

(c) Compensation of key management personnel

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Trust to the Directors as Key Management Personnel. Fees paid to RFM, the Responsible Entity, are disclosed in Note 28.

29 Related party transactions

(a) Responsible Entity (Rural Funds Management Limited)

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

At the discretion of the Responsible Entity, the management fee for the period was calculated at 1.00% per annum on the gross monthly value of the assets of of RBK which is less than the PDS entitlement of 1.75%. Gross monthly value is defined as gross assets less any investments in RFM managed entities.

Licensed securities dealers are paid a service fee from the management fees received by RFM. This service fee is up to 0.75% of the issued value of subscribed units.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Related party transactions (continued)

(a) Responsible Entity (Rural Funds Management Limited) (continued)

Transactions between the Trust and the Responsible Entity and any associates of the Responsible Entity:

	2013	2012
	\$	\$
Management fees	932,833	888,451
Asset management fee	306,141	286,644
Total management fees	1,238,974	1,175,095
Expenses reimbursed to RFM	1,252,180	1,065,336
Interest on loan - RFM	171,652	260,348
Funding to AF07	351,489	272,728
Funding to AF08	358,535	654,228
Equity raising costs being marketing recoveries paid to RFM	59,170	566,962
Distributions paid/payable to RFM	10,092	17,442
Total amounts paid to RFM and related entities	3,442,092	4,012,139
Rental income - AF06	1,621,483	1,542,966
Rental income - AF07	552,307	528,166
Rental income - AF08	1,363,779	1,299,060
Rental income - RFM	89,776	113,645
Interest on land rental - AF06	10,077	15,057
Interest on loan - AF07	2,500	-
Interest on loan - AF08	3,311	-
Water recharge - AF06	215,788	150,131
Water recharge - AF07	73,915	50,886
Water recharge - AF08	181,722	125,641
Water recharge - RFM	23,418	207,221
Total income received from RFM and related entities	4,138,076	4,032,773

(b) Custodian fees (Australian Executor Trustees Limited)

Custodian fee	44,937	44,172
Total	44,937	44,172

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(c) Other transactions with related parties - common responsible entity:

	2013	2012
	\$	\$
Distributions paid/payable - RFM Diversified Agricultural Fund ("DAF")	-	286,189
Total	-	286,189

(d) Debtors and loans

RFM Farming	12,004	209,111
AF07	115,757	83,180
AF08	360,136	-
Total	487,897	292,291

(e) Creditors and loans

AF07	9,085	19,486
AF08	20,603	12,088
Creditor - RFM	129,719	127,077
Creditor - RFM Farming	-	7,562
Total related party creditors	159,407	166,213
Loan - RFM	1,800,000	1,800,000
Total	1,959,407	1,966,213

(f) Entities with influence over the trust

	Units Held	%
RFM	415,289	1.27

RFM RiverBank

ARSN 112 951 578

Notes to the Financial Statements

For the Year Ended 30 June 2013

30 Likely developments and expected results

In October 2013, it is expected that an Explanatory Memorandum and vote documentation will be sent out to unitholders for a proposal to merge RBK with RFM Chicken Income Fund and RFM Australian Wine Fund. Under the proposal the new combined entity is expected to be listed on the Australian Securities Exchange. The restructure is expected to enable unitholders to unlock value in their investment by providing liquidity and the ability to exit their investment at a time they choose. It is also expected to lower the risk profile of the investment, increase diversification, and provide the merged fund greater access to capital markets. The unitholders vote is currently anticipated to be held in November 2013.

The Trust is expected to continue leasing activities and provide regular distributions to investors. However, no further distributions are expected to be declared until after November 2013.

31 Cash flow information

Reconciliation of Cash Flow from operations with profit after income tax

	2013	2012 (Restated)
	\$	\$
Profit for the year	8,640,327	496,757
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	1,375,879	1,291,345
(Profit)/loss on sale of assets	45,280	(36,177)
(Increases) in the value of biological assets	(13,748,156)	(3,815,533)
Land impairment recognised in income	54,193	567,048
Intangibles impairment recognised in income	1,511,833	359,700
Unrealised (gain)/loss on interest rate swaps	(587,742)	2,103,846
Changes in assets and liabilities		
Decrease/(increase) in trade and term receivables	316,563	(1,795,952)
(Increase)/decrease in prepayments	(14,914)	(6,469)
(Increase)/decrease in short term biological assets	-	85,689
(Increase)/decrease in inventories	(761,844)	(44,195)
Increase/(decrease) in trade payables and accruals	(32,748)	707,597
Increase/(decrease) in deferred taxes payable excluding impact on equity areas	3,977,465	412,178
Cashflow from operations	776,136	325,834

At 30 June 2013 \$2,730,000 of the bill facility was unused (2012: \$400,000). Interest rates are variable and the facility expires on 30 June 2017.

The Trust has a Master Asset Finance facility amounting to \$5,000,000 (2012: \$5,000,000). At 30 June 2013 \$1,909,752 of the leasing facility was used (2012: \$1,958,682). Interest rates under this are fixed.

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Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 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

Dated: 25 September 2013

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Knowledge. Insight. Experience.

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