

Chicken Income Fund

Financial Statements

For the Year Ended 30 June 2013

RFM Chicken Income Fund

ARSN 105 754 461

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 Chicken Income Fund

ARSN 105 754 461

For the Year Ended 30 June 2013

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RFM Chicken Income Fund

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Directors of the Responsible Entity's Report

30 June 2013

The directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM Chicken Income Fund ("CIF" or the "Trust") present their report on the Trust and its consolidated entity ("Group") for the financial year ended 30 June 2013.

Directors

The names of the Directors of RFM 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 the Group during the financial year were the growing of chickens in accordance with chicken growing contracts including the provision of labour, management and infrastructure and livestock leasing in accordance with livestock placement contracts.

There have been no significant changes in the nature of the Trust's principal activities during the financial year.

Trust information

CIF is a registered Australian managed investment trust, and was constituted in 2003. 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 CIF's consolidated profit after income tax for the year was \$553,425 (2012: loss \$1,681,674). Eliminating the effects of RFM StockBank ("SBK" or "StockBank") the profit after income tax for the poultry operations was \$343,723 (2012: loss \$1,713,190).

The poultry operations result in 2013 includes a depreciation charge of \$5,837,630 (2012: \$5,506,308), an unrealised gain relating to interest rate hedges of \$663,816 (2012: loss \$2,603,658) and restructure costs of \$381,676 (2012: \$nil). After adjusting for these items the before tax earnings were comparable with 2013 achieving \$6,046,522 compared to 2012: \$5,701,769.

The net cash flow provided by operating activities excluding the effects of SBK and restructure costs was \$5,991,115 (2012: \$6,149,766). The CIF in 2013 has maintained its strong cash earnings and paid distributions of \$3,172,258 or 5 cents per unit (2012: \$6,318,275 or 10 cents per unit) with the balance applied to debt reduction or cash at bank.

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Directors of the Responsible Entity's Report

30 June 2013

Review of results and operations (continued)

Operating results (continued)

Distributions ceased in December 2012 as a result of the restructure project and will recommence in December 2013 under the proposed Rural Funds Group (RFF) or if the restructure is not successful under the CIF.

The CIF's total return for the year was 13.26% and since inception 8.9%.

As discussed under likely developments and expected results, it is expected that an Explanatory Memorandum and vote documentation will be sent out to unitholders for a proposal to merge the CIF with RFM RiverBank and RFM Australian Wine Fund, referred to as the restructure project.

During the year the conversion to contract farming was successfully completed and this has resulted in benefits in terms of cost savings, giving contractors ownership and reward for farm performance, and reduced farm incidents. The CIF's injury incidents reduced from 21 to 3 from 2012 to 2013 respectively, and the damage/loss incidents have declined from 48 to 5 year on year.

In 2013 Baiada adopted higher welfare standards that cover the whole supply chain of chicken meat production. These have implications for the CIF's activities of brooding and rearing of chickens. The main areas affected are litter management, lighting and stocking density. In August 2013 all of the CIF's 154 sheds were audited for compliance with these standards and 150 were passed with four sheds remaining under review.

The SBK business contributed earnings before tax of \$330,847 (2012: \$56,231) which was below the fund's investment objective. SBK was successfully restructured in March 2013 to a cattle lease model and has subsequently earned above 10% on equity employed. Notwithstanding the 2013 result RFM remains of the view that this investment strengthens the CIF in terms of diversification and fund liquidity. The SBK investment will form part of the proposed RFF group and will be subject to the unitholder vote on the restructure.

In December 2012, Opteon (Victoria) Pty Ltd carried out an independent valuation of the CIF's properties, valuing them at \$100.24m (2012: \$97.15m) and this is largely consistent with previous valuations. Opteon (Victoria) Pty Ltd has confirmed that the valuation remained the same at 30 June 2013.

Distributions

CIF paid two distributions during the year in August 2012 (2.5 cents per unit) and November 2012 (2.5 cents). The total amount paid to 30 June 2013 was \$3.172m (2012: \$6.318m) on a cash basis.

For full details of distributions refer to Note 28.

Performance

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

CIF Financial Year Returns	2013	2012	2011	2010	2009	2008
Distribution	3.25%	11.58%	11.62%	12.99%	11.01%	10.54%
Growth	10.01%	-11.07%	-2.81%	-5.60%	-16.03%	0.79%
Total Return	13.26%	0.51%	8.80%	7.39%	-5.02%	11.33%
Grossed Up Distribution	3.25%	11.58%	13.20%	12.99%	11.01%	10.67%
Grossed Up Total Return	13.26%	0.51%	10.39%	7.39%	-5.02%	11.46%

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

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 attributable 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 3.99% (2012: 3.09%).

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

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

- Management fee for the financial year paid to RFM \$1,296,969 (2012: \$1,058,097)
- Farm management fee for the financial year paid to RFM \$580,736 (2012: \$644,505)
- Expenses incurred by RFM and reimbursed by the Group in accordance with the Trust's constitution \$3,058,630 (2012: \$3,124,565)

The interests in the Trust held by RFM and its associates at the end of the year are disclosed in Note 30 to the financial statements.

Unit prices

The ex-distribution exit prices and the highest and lowest exit prices for CIF for the past five years are shown below. All exit prices are exclusive of exit fees.

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 Australian GAAP and the Constitution has been amended accordingly.

	2013	2012	2011	2010	2009
As at 30th June	0.8280	0.7681	0.8746	0.9042	0.9561
Year to 30th June					
High	0.8366	0.8606	0.8921	0.9478	0.9950
Low	0.7408	0.7681	0.8601	0.9042	0.9482

In accordance with RFM's policies, the unit prices quoted above are based on those published on 15 July 2013 and prevailing at 30 June 2013.

Units on issue

63,638,267 units of CIF were on issue at 30 June 2013 (2012: 63,396,831). During the year 241,436 (2012: 339,595) units were issued by the Trust and nil (2012: nil) were redeemed.

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Directors of the Responsible Entity's Report

30 June 2013

Trust assets

At 30 June 2013, the CIF held assets to a total value of \$112,475,861 (2012: \$108,945,644). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

Going concern

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

The CIF has core borrowings of \$36m and a further \$5m facility specifically to fund the StockBank investment with its primary banker National Australia Bank Limited (NAB). The core borrowing of \$36m expires in June 2017 while the \$5m facility expires in December 2013. Further, NAB covenants stipulate that a \$4.5m amortisation of the core facility of \$36m should be made in December 2013.

RFM management intend to renegotiate terms and renew borrowings for a future period, for which they have received a firm offer.

CIF's property plant and equipment was revalued in December 2012 by Opteon (Victoria) Pty Ltd., and the net increase in value was \$3.1 million placing the debt servicing ratios of CIF in a reasonably favourable position for its negotiations.

The chicken industry continues to experience positive conditions being a growth industry with per capita consumption continuing to increase. The CIF maintains a robust net asset base and has long term contracts for growing chicken spanning 12-24 years with Bartter Enterprises Pty Ltd which is a wholly owned subsidiary of Baiada Poultry Pty Ltd. The Directors believe that these factors place the fund in a favourable position for these negotiations.

If a renegotiation of financing is unsuccessful, the CIF would manage its amortisation obligations through a sale of part or all of its interest in StockBank and a reduction in distributions.

Significant changes in state of affairs

No significant changes in the Group's state of affairs occurred during the financial year.

After balance date events

No significant changes in the Group's state of affairs occurred after the financial year.

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 the CIF with RFM RiverBank and the RFM Australian Wine Fund. Under a 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 investments 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 investments, increase diversification, and provide the merged fund greater access to capital markets. The unitholder 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.

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Directors of the Responsible Entity's Report

30 June 2013

Environmental regulation and performance

The operations of the Group are subject to significant environmental regulation under the law of the Commonwealth and States or Territory. The Group is compliant with those environmental regulations.

Indemnification of Responsible Entity and Custodian

In accordance with the constitution of CIF, the Trust 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.

CIF has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the Responsible Entity 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 CIF, Boyce Assurance Services Pty Limited, and can be found on page 48 of the Financial Report.

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



David Bryant
Director

Dated: 30 September 2013

RFM Chicken Income Fund

ARSN 105 754 461

Independent Audit Report to the Unitholders of RFM Chicken Income Fund

Report on the Financial Report

We have audited the accompanying financial report of RFM Chicken Income Fund, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and consolidated 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 of the consolidated 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 Group'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 Group'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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Knowledge. Insight. Experience.

RFM Chicken Income Fund

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Independent Audit Report to the Unitholders of RFM Chicken Income Fund

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Group for the year ended 30 June 2013 included on the website of Rural Funds Management Limited. The Directors of the Responsible Entity of the Group 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 Chicken Income Fund on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of RFM Chicken Income Fund 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 the trust and its consolidated entity's 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 Unitholders of RFM Chicken Income Fund

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 is a \$5.6 million working capital deficiency. This has primarily come about due to \$9.5 million of parent company debt being due for repayment or renegotiation within the next 6 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 and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the Trust not be able to manage its working capital deficiency and continue as a going concern.



Katherine M Kelly
Director

Cooma

Dated: 30 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 Chicken Income Fund:

In the opinion of the Directors;

- (a) the financial statements and notes of the Trust and of the Consolidated Entity 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 of the Trust and its consolidated entity's for the year ended on that date; and
 - (ii) complying with Australian Standards, Corporations Regulations 2001 and the Trust's constitution; and
- (b) In the directors' opinion, subject to the matters disclosed in Note 3, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board



David Bryant
Director

Dated: 30 September 2013

RFM Chicken Income Fund

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	4	30,913,952	30,321,818
Unrealised gain/(loss) on interest rate swaps		663,816	(2,603,658)
Cost of livestock sold		(5,860,687)	(6,335,338)
Direct grower costs		(8,511,446)	(8,306,611)
Employee costs		(2,129,352)	(3,676,532)
Depreciation and impairment	5	(5,837,630)	(5,506,308)
Repairs and maintenance		(745,312)	(893,056)
Management fees	30(a)	(1,877,704)	(1,702,602)
Increase in the value of biological assets	13	268,349	1,859,360
Other expenses		(2,871,441)	(2,349,246)
Finance costs	5	(3,190,666)	(3,159,791)
Profit/(loss) before income tax		821,879	(2,351,964)
Income tax expense	8	(268,454)	670,290
Profit/(loss) after income tax		553,425	(1,681,674)
Distribution - non controlling interest		(36,876)	(250)
Profit/(loss) for the period		516,549	(1,681,924)
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Revaluation increment	27	8,548,133	3,195,518
Income tax relating to components of other comprehensive income	8	(2,564,440)	(958,664)
Other comprehensive income for the period, net of tax		5,983,693	2,236,854
Total comprehensive income for the period, representing changes in net assets attributable to unitholders		6,500,242	554,930
Profit attributable to:			
Members of the parent entity		468,618	(1,697,406)
Non-controlling interests		47,931	15,482
		516,549	(1,681,924)
Total comprehensive income attributable to:			
Members of the parent entity		6,452,311	539,448
		6,452,311	539,448

The accompanying notes form part of these financial statements.

RFM Chicken Income Fund

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Consolidated Statement of Financial Position

30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,214,709	2,014,741
Trade and other receivables	10	4,095,652	4,465,461
Inventories	11	73,934	61,160
Other current assets	12	370,381	278,218
Biological assets	13	-	4,520,399
Current tax receivable	14	-	46,148
Total current assets		6,754,676	11,386,127
Non-current assets			
Property, plant and equipment	15	99,646,127	96,510,517
Investments	16	5,026,058	-
Intangible assets	17	1,049,000	1,049,000
Total non-current assets		105,721,185	97,559,517
TOTAL ASSETS		112,475,861	108,945,644
LIABILITIES			
Current liabilities			
Trade and other payables	18	2,586,521	3,458,466
Interest bearing liabilities	19	9,614,303	8,167,933
Short-term provisions	21	174,354	1,674,964
Current income tax liability	23	677	-
Total current liabilities		12,375,855	13,301,363
Non-current liabilities			
Interest bearing liabilities	19	31,510,983	33,060,296
Deferred tax liabilities	20	12,428,124	9,691,586
Long-term provisions	22	9,517	33,174
Derivative financial liabilities	24	2,402,193	3,066,010
Total non-current liabilities		46,350,817	45,851,066
TOTAL LIABILITIES (excluding net assets attributable to unitholders)		58,726,672	59,152,429
Net assets attributable to unitholders		53,749,189	48,647,733
Non-controlling interest		-	1,145,482
TOTAL LIABILITIES		112,475,861	108,945,644

The accompanying notes form part of these financial statements.

RFM Chicken Income Fund

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Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the Year Ended 30 June 2013

2013

	Issued Units	Asset revaluation reserve	Retained earnings	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	24,153,575	27,049,045	(2,554,887)	48,647,733	1,145,482	49,793,215
Other comprehensive income	-	8,548,133	-	8,548,133	-	8,548,133
Income tax relating to other comprehensive income	-	(2,564,440)	-	(2,564,440)	-	(2,564,440)
Total income and expenses for the period recognised directly in equity	-	5,983,693	-	5,983,693	-	5,983,693
Profit attributable to unit holders	-	-	700,602	700,602	121,277	821,879
Income tax applicable	-	-	(231,984)	(231,984)	(36,470)	(268,454)
Total income and expenses for the period	-	-	468,618	468,618	84,807	553,425
Equity transactions						
Additional non-controlling interest arising on issue of units	-	-	-	-	5,305,031	5,305,031
Reduced non-controlling interest arising on redemption of units	-	-	-	-	(160,483)	(160,483)
Issue of units	185,916	-	-	185,916	-	185,916
Equity issue costs	-	-	-	-	(104,757)	(104,757)
Income tax applicable	-	-	-	-	31,427	31,427
	185,916	-	-	185,916	5,071,218	5,257,134
Transfers to and from reserves arising due to deconsolidation of SBK:						
Minority interests	-	-	-	-	(6,235,952)	(6,235,952)
Adjust between share of profit in StockBank and amount in ARR	-	-	50,607	50,607	-	50,607
Reinstatement of asset revaluation reserve for investment in RFM StockBank on deconsolidation	-	148,389	(148,389)	-	-	-
Income tax relating to reinstatement	-	(22,258)	22,258	-	-	-
	-	126,131	(75,524)	50,607	(6,235,952)	(6,185,345)
Sub-total	24,339,491	33,158,869	(2,161,793)	55,336,567	65,555	55,402,122
Return of capital	(1,587,378)	-	-	(1,587,378)	(28,680)	(1,616,058)
Distributions	-	-	-	-	(36,875)	(36,875)
Balance at 30 June 2013	22,752,113	33,158,869	(2,161,793)	53,749,189	-	53,749,189

The accompanying notes form part of these financial statements.

RFM Chicken Income Fund

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Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the Year Ended 30 June 2013

2012

	Issued Units	Asset revaluation reserve	Retained earnings	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	30,198,980	24,812,191	(857,481)	54,153,690	-	54,153,690
Other comprehensive income	-	3,195,518	-	3,195,518	-	3,195,518
Income tax relating to other comprehensive income	-	(958,664)	-	(958,664)	-	(958,664)
Total income and expenses for the period recognised directly in equity	-	2,236,854	-	2,236,854	-	2,236,854
Loss attributable to unit holders	-	-	(2,374,438)	(2,374,438)	22,474	(2,351,964)
Income tax applicable	-	-	677,032	677,032	(6,742)	670,290
Total income and expenses for the period	-	2,236,854	(1,697,406)	539,448	15,732	555,180
Equity transactions						
Additional non- controlling interest arising on issue of units	-	-	-	-	1,130,000	1,130,000
Issue of units	281,319	-	-	281,319	-	281,319
	281,319	2,236,854	(1,697,406)	820,767	1,145,732	1,966,499
Sub-total	30,480,299	27,049,045	(2,554,887)	54,974,457	1,145,732	56,120,189
Return of capital	(6,326,724)	-	-	(6,326,724)	-	(6,326,724)
Distributions	-	-	-	-	(250)	(250)
Balance at 30 June 2012	24,153,575	27,049,045	(2,554,887)	48,647,733	1,145,482	49,793,215

The accompanying notes form part of these financial statements.

RFM Chicken Income Fund

ARSN 105 754 461

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities:			
Receipts from customers		30,092,924	29,543,425
Payments to suppliers and employees		(24,621,926)	(22,352,779)
Interest received		46,757	29,421
Finance costs		(3,156,539)	(3,077,446)
Income taxes received/(paid)		46,148	(7,519)
Net cash provided by operating activities	34	2,407,364	4,135,102
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		20,180	-
Acquisition of property, plant and equipment	15	(457,029)	(1,837,539)
Deconsolidation of cash in subsidiaries		(3,142,047)	-
Net cash used in investing activities		(3,578,896)	(1,837,539)
Cash flows from financing activities:			
Receipts from issue of units		4,977,495	1,417,205
Equity issue costs		(104,756)	-
Redemption of units		(160,482)	-
Proceeds from borrowings		1,200,000	5,237,188
Repayment of borrowings		(1,251,503)	(77,868)
Distributions paid		(3,237,814)	(6,318,523)
Net cash provided by/ (used in) financing activities		1,422,940	258,002
Net increase/(decrease) in cash and cash equivalents		251,408	2,555,565
Cash and cash equivalents at beginning of year		1,883,700	(671,865)
Cash and cash equivalents at end of year	9(a)	2,135,108	1,883,700

The accompanying notes form part of these financial statements.

RFM Chicken Income Fund

ARSN 105 754 461

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, Urgent Issues Group 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 Chicken Income Fund ("CIF" or the "Trust") as an individual entity and CIF and its controlled entity as an economic entity. CIF is a Trust, established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

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

CIF is a registered Australian managed investment trust, and was constituted in 2003. 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) Statement of compliance

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

(c) Reporting basis and conventions

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(d) Principles of consolidation

(i) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by RFM Chicken Income Fund at the end of the reporting period. A controlled entity is any entity over which RFM Chicken Income Fund has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

(ii) Controlled entities

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 31 to the financial statements.

(iii) Entities entering/leaving group

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

(iv) Inter-company balances

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries conform to those used by the Trust.

(e) 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 consolidated statement of financial position.

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

(f) 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 generally received within 30 days of being recorded as receivables.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(g) Inventories

Inventory is stated at the lower of cost and net realisable value. The Group's inventory is constantly monitored for obsolescence. Costs incurred in bringing each product to its present location and condition are accounted for on a first-in, first-out basis.

(h) Biological assets

Biological assets of the Trust include livestock. Livestock are measured at cost when purchased and at each subsequent reporting date at their fair value less estimated sales costs (net market value).

(i) 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

Property, plant and equipment 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 annual valuations by external independent valuers, less subsequent depreciation for buildings and plant.

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.

(iii) Revaluations of property, plant and equipment

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 profit and loss, in which case the increment is recognised in profit and loss.

Any revaluation decrement is recognised in profit or loss, 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 income statement.

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

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

(iv) Buildings, plant and equipment - fixed assets constructed

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of directly attributable fixed and variable overheads. The assets are held in work in progress until they are complete and in use.

(v) 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 Group commencing from the time the asset is held ready for use.

(vi) Depreciation rates

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

Class of fixed asset	Depreciation rate
Capital Works in Progress	Nil
Buildings	5 -7%
Plant and Equipment	10 -33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(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.

(j) 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 the 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 cost or impairment approach is adopted where assets of separable and tradeable water rights are involved.

(k) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(l) 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.

(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.

(m) Derivative financial instruments

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

Derivatives that do not qualify for hedge accounting 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.

(n) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group 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.

(o) 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 Group.

Payables include outstanding settlements on distributions payable, the carrying period is dictated by market conditions and is generally less than 60 days.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Employee benefits

Provision is made for the employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(r) 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.

(s) Unit prices

Unit prices are determined in accordance with the Trust's Constitution and are calculated as the net assets attributable to unit holders of the Trust, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(t) Terms and conditions on units

Each unit issued confers upon the unit holder 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. Unit holders 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 unit holders: and
- Participate in the termination and winding up of the Trust.

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

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(u) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue for the provision of broiler sheds and managing the growth of chicken batches is recognised upon the delivery of the service to the customer, Baiada Poultry Pty Ltd. Griffith based unbilled batches at the end of the period are accrued according to the number of days elapsed from the last date of batch pick up for each Griffith farm as per contract terms. This is multiplied by a current daily rate which is agreed with Baiada. Revenue for the provision of broiler sheds at Lethbridge is accrued according to the annual rate, pro-rated for the number of days in each month.

Revenue on livestock held by StockBank is recognised in accordance with Accounting Standard AASB 141 Agriculture, which requires livestock to be measured at net market value at each reporting date. The net market value is determined through price movements and the weight of the livestock, and deducting the costs expected to be incurred in realising the market value (including freight and selling costs).

Under StockBank's profit share model any increase or decrease in the net fair value of biological assets is recognised as income or an expense in the statement of comprehensive income. The movement is determined as the difference between the net fair value at the beginning and the end of the year adjusted for sales and purchases.

Revenue from the sale of livestock is recognised when there has been a transfer of risks and rewards to the customer through the execution of a sales agreement at the time of delivery of the goods to the customer. The carrying value of the livestock is then transferred to cost of livestock sold. The carrying value of the livestock is deemed to be its net selling price at the date of sale and accordingly sales and cost of livestock sold will offset.

Revenue from livestock leased under the leasing model is recognised having regard to the proportion of the return StockBank expects to receive as a placement fee on the livestock.

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

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

(v) 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 in income in the period in which they are incurred.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(w) 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 Tax 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 consolidated statement of financial position are shown inclusive of GST.

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

(x) 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.

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 company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(y) Distributions

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

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

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

Standard name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements	30 June 2014	AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.	The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.
AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.
AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	The entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

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

AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.
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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 the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details for the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Determination of useful lives and depreciation rates for chicken broiler sheds

A judgement is made on the useful lives and therefore the depreciation rates applied to the chicken broiler sheds and associated plant and equipment. Consideration is given to the scale of the maintenance program applying to the buildings and the plant and any expected changes for technical obsolescence.

Valuation of livestock

In order to determine the fair value of livestock, assessments are made of the estimated weights of the cattle and sheep at year end under the former profit share model. The weights are subject to random tests in order to ensure the weight gain assumptions made are reliable. Once the weights are known market prices at balance date are applied for the animals based on values being achieved in the market into which livestock is selling. Values of sheep skins are also considered where prices are achieved for these when the livestock are sold.

Where livestock are leased under the leasing operating model, the fair value of the livestock is determined having regard to the proportion of the return SBK expects to earn as a placement fee on the livestock and other amounts recoverable by SBK at the end of the lease.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Significant accounting judgements, estimates and assumptions (continued)

Consolidation and control

Entities are included within the consolidated financial statements of the CIF group where CIF has control of these entities, being the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Judgement is applied by management in assessing whether control exists, and in particular when the rights held by CIF amount to being the power to govern the financial and operating policies of those entities and whether CIF is able to use such power to obtain financial benefits from the activities of the entities.

3 Going concern

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

The CIF has core borrowings of \$36m and a further \$5m facility specifically to fund the StockBank investment with its primary banker National Australia Bank Limited (NAB). The core borrowing of \$36m expires in June 2017 while the \$5m facility expires in December 2013. Further, NAB covenants stipulate that a \$4.5m amortisation of the core facility of \$36m should be made in December 2013.

RFM management intend to renegotiate terms and renew borrowings for a future period, for which they have received a firm offer.

CIF's property plant and equipment was revalued in December 2012 by Opteon (Victoria) Pty Ltd., and the net increase in value was \$3.1 million placing the debt servicing ratios of CIF in a reasonably favourable position for its negotiations.

The chicken industry continues to experience positive conditions being a growth industry with per capita consumption continuing to increase. The CIF maintains a strong net asset base and has long term contracts for growing chicken spanning 12 24 years with Bartter Enterprises Pty Ltd which is a wholly owned subsidiary of Baiada Poultry Pty Ltd. The Directors believe that these factors place the fund in a favourable position for these negotiations.

If a renegotiation of financing is unsuccessful, the CIF would manage its amortisation obligations through a sale of part or all of its interest in StockBank and a reduction in distributions.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

4 Revenue

	2013	2012
	\$	\$
Grower fees	23,755,551	23,708,948
Livestock sales	5,860,687	6,335,330
Interest received	46,757	29,421
Placement fees	711,350	-
Other revenue	539,607	248,119
Total	30,913,952	30,321,818

5 Profit from ordinary activities

Finance costs:

Related party	34,527	-
External	3,156,139	3,159,791
Total	3,190,666	3,159,791

Depreciation and impairment

Depreciation - property, plant and equipment	15(a)	5,848,237	5,348,050
Impairment / (impairment reversals) - property, plant and equipment	15(a)	(10,607)	42,258
Impairment - intangibles	17	-	116,000
Total		5,837,630	5,506,308

6 Leases in financial statements of lessors

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

Year 1	14,600,005	12,268,446
Year 2	14,600,005	12,268,446
Year 3	14,600,005	12,268,446
Year 4	14,600,005	12,268,446
Year 5	14,600,005	12,268,446
Subsequent	111,284,971	111,299,479
Total	184,284,996	172,641,709

Properties at Griffith NSW and Lethbridge VIC are leased to Bartter Enterprises Pty Ltd for a term of 20 years in Griffith and 30 years in Lethbridge. Grower fees are reviewed every year and indexed to CPI. Therefore no inflation or discounting is taken into consideration in calculating the minimum future rental income.

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

7 Auditor's remuneration

	2013	2012
	\$	\$
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the financial report	99,169	108,521
- Taxation and other services	20,137	35,815
Total	119,306	144,336

8 Income tax expense

(a) The major components of tax expense comprise:

Current income tax charge	78,641	-
Adjustments in respect deferred income tax of previous years	-	(1,211)
Relating to origination and reversal of temporary differences	189,813	(669,079)
Income tax expense reported in the income statement	268,454	(670,290)

(b) Amounts charged or credited directly to equity

Net gain on revaluations in the statement of comprehensive income	2,564,440	958,664
Net gain on revaluations reinstated on deconsolidation of SBK	22,258	-
Equity issue costs	(31,427)	-
Income tax expense reported in equity	2,555,271	958,664

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

Accounting profit before tax	821,879	(2,351,964)
At the statutory income tax rate of 30% (2012: 30%)	246,564	(705,589)
- Reclassification of assets between a 30% and 15% tax rate	-	28,663
- Adjustments in respect of deferred tax for previous years	-	(1,211)
- Adjustment on intercompany dividend received where tax remains payable	21,890	7,847
Total	268,454	(670,290)

(d) Franking credits

At 30 June 2013 CIF had a franking account balance of \$244,959 (2012: \$291,107).

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

9 Cash and cash equivalents

	2013	2012
	\$	\$
Cash at bank	2,214,709	2,014,741
Total	2,214,709	2,014,741

(a) Reconciliation of cash

	Note		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		2,214,709	2,014,741
Bank overdraft	19	(79,601)	(131,041)
		2,135,108	1,883,700

10 Trade and other receivables

CURRENT

Trade receivables		3,808,176	4,409,769
Other receivables		287,476	55,692
Total		4,095,652	4,465,461

Trade receivables are non-interest bearing and are generally on 30 days terms. There were no impaired or past due receivables at 30 June 2013.

11 Inventories

CURRENT

Gas inventory		73,934	61,160
Total		73,934	61,160

12 Other current assets

CURRENT

Prepayments		370,381	278,218
Total		370,381	278,218

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

13 Biological Assets

	2013	2012.
	\$	\$
Opening balance	4,520,399	1,954,733
Additions/purchases	8,834,021	7,041,636
Increase in the value of biological assets	268,349	1,859,360
Decreases due to sales	(6,009,638)	(6,335,330)
Decrease due to deconsolidation of SBK	(7,613,131)	-
Balance at 30 June 2013	-	4,520,399

RFM StockBank was deconsolidated from the group on 30 June 2013 when CIF lost control of the entity due to the issue of further units to non - controlling interests. Therefore the 2013 financial position does not include any Biological Assets

14 Current income tax receivable

Current income tax receivable	-	46,148
Total	-	46,148

15 Property plant and equipment

Land and buildings

Freehold land and buildings		
At independent valuation	99,195,229	96,099,678
Total freehold land and buildings	99,195,229	96,099,678

Capital works in progress

At cost	152,373	-
Total capital works in progress	152,373	-

Plant and equipment

Capital works in progress		
At cost	813,419	860,787
Less accumulated depreciation	(514,894)	(449,948)
Total plant and equipment	298,525	410,839
Total property, plant and equipment	99,646,127	96,510,517

In 2013 the revaluation of property, plant and equipment is based on the assessment of their current market value as determined by independent valuation, conducted by Opteon (Victoria) Pty Ltd. The full valuation by Opteon (Victoria) Pty Ltd was carried out in December 2012 and it has been confirmed that the properties carry the same value at 30 June 2013.

The carrying value of all property, plant and equipment had it been carried under the cost model would be \$52,528,675 (2012: \$60,562,507).

RFM Chicken Income Fund

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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	Plant and equipment	Total
	\$	\$	\$	\$
Current year				
Balance at 1 July 2012	-	96,099,679	410,838	96,510,517
Additions	454,529	-	2,500	457,029
Transfers	(302,156)	302,156	-	-
Disposals	-	-	(31,923)	(31,923)
Depreciation	-	(5,765,346)	(82,890)	(5,848,236)
Revaluation increase/(decrease) recognised in equity	-	8,548,133	-	8,548,133
Revaluation increase/(decrease) recognised in income	-	10,607	-	10,607
Balance at 30 June 2013	152,373	99,195,229	298,525	99,646,127
Prior year				
Balance at 1 July 2011	854,901	71,194,905	24,817,961	96,867,767
Additions	1,758,309	-	79,230	1,837,539
Transfers	(2,613,210)	27,001,715	(24,388,505)	-
Depreciation	-	(5,250,202)	(97,848)	(5,348,050)
Revaluation increase/(decrease) recognised in equity	-	3,195,518	-	3,195,518
Revaluation increase/(decrease) recognised in income	-	(42,257)	-	(42,257)
Balance at 30 June 2012	-	96,099,679	410,838	96,510,517

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

16 Investments (financial assets)

Available for sale financial assets

	2013	2012
	\$	\$
Investment in RFM - StockBank	5,026,058	-
Total	5,026,058	-

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity where the investment is held above cost, and through the statement of comprehensive income where the fair value is less than cost.

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.

Prior to 30 June 2013 this investment has been treated as a subsidiary and was consolidated into the financial statements.

17 Intangible assets

Water licences at fair value

	1,049,000	1,165,000
Revaluation (decrease)/increase recognised in income	-	(116,000)
Total	1,049,000	1,049,000

The water licences were valued in conjunction with property plant and equipment by the valuer. The asset is considered to have an infinite life and so no amortisation is applied. Water licences are valued at the lower of cost and fair value.

18 Trade and other payables

CURRENT

Unsecured liabilities

Trade payables	1,288,974	1,691,910
Sundry payables and accruals	1,297,547	1,766,556
Total	2,586,521	3,458,466

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

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Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Interest bearing liabilities

	2013	2012
	\$	\$
CURRENT		
Secured liabilities		
Bank overdraft	79,601	131,041
Bills of exchange	4,500,000	3,000,000
Market rate facility loan	5,000,000	5,000,000
Asset purchase loan	34,702	36,892
Total	9,614,303	8,167,933
NON-CURRENT		
Secured liabilities		
Bills of exchange	31,500,000	33,000,000
Asset purchase loan	10,983	60,296
Total	31,510,983	33,060,296
Total current and non-current secured liabilities		
Bank overdraft	79,601	131,041
Bills of exchange	36,000,000	36,000,000
Market rate facility loan	5,000,000	5,000,000
Asset purchase loan	45,685	97,188
Total	41,125,286	41,228,229

At 30 June 2013 CIF's facilities with its banker, National Australia Bank Limited (NAB) comprised a \$36 million floating rate bill facility and a \$5 million market rate facility. Under the original terms of these facilities, CIF was due to repay \$3 million of the bill facility on 30 June 2012 and the \$5 million market rate facility on 31 December 2012. As a result of the renegotiation of these facilities completed in August 2012, the bill facility has been extended to 30 June 2017 and the market rate facility has been extended to 31 December 2013. Under the terms of the bill facility, the loan to value ratio (LVR) against CIF poultry assets is not to exceed 40%, reducing to 35% from 31 December 2013.

The bills of exchange are secured by a limited guarantee from Australian Executor Trustees Limited as custodian of the assets of CIF. This is supported by a first registered fixed and floating charge from Australian Executor Trustees Limited plus first registered mortgages over all freehold property and water of the Trust.

The bills of exchange are accepted and discounted at the National Australia Bank's floating rate plus a facility fee of 1.65%.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Interest bearing liabilities (continued)

Total current and non-current secured liabilities (continued)

The market rate facility loan interest is calculated for each pricing period (7 days to 180 days as nominated by CIF) as the "bid rate" quoted on the "BBSY" page of the Reuters Monitors System at or about 10.15am Sydney time on the banking day immediately preceding the commencement of each pricing period, plus the facility fee of 1.65%.

The carrying amounts of non-current assets pledged as security are:

	2013	2012
	\$	\$
First mortgage over freehold land and buildings and intangibles	100,244,229	97,148,679
Asset purchase over plant and equipment	60,452	105,936
Total	100,304,681	97,254,615

20 Deferred tax

(a) Deferred tax liabilities

CURRENT

Biological assets	-	74,609
Unearned revenue	69,443	-
Investments	22,258	-
Fair-valued property, plant and equipment (including depreciation)	13,562,640	11,164,618
Gross deferred tax liabilities	13,654,341	11,239,227
Set-off of deferred tax assets	20(b) (1,226,217)	(1,547,641)
Net deferred tax liabilities	12,428,124	9,691,586

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Notes to the Financial Statements

For the Year Ended 30 June 2013

20 Deferred tax (continued)

(b) Deferred tax assets

	2013	2012
	\$	\$
CURRENT		
Accruals	19,518	25,410
Provisions for employee entitlements	57,118	39,657
Derivatives	720,658	919,803
Black hole expenses	69,432	12,474
Fair-valued property plant & equipment (including depreciation)	322,156	296,944
Prepayments	1,423	-
Inventory	2,107	-
Legal deductible over five years	33,805	-
Equity raising costs	-	733
Unused income tax losses	-	252,620
Gross deferred tax assets	1,226,217	1,547,641
Set-off of deferred tax assets	20(a) (1,226,217)	(1,547,641)
Net deferred tax assets	-	-

(c) Recognised deferred tax assets and liabilities

	Current income tax		Deferred income tax	
	2013	2012	2013	2012
	\$	\$	\$	\$
Opening balance	46,148	53,667	(9,691,586)	(9,403,211)
Charged to income	(78,641)	-	(189,813)	670,289
Charged to equity	-	-	(2,555,271)	(958,664)
Other payments	(46,148)	(7,519)	-	-
Acquisitions/disposals	77,964	-	8,546	-
Closing balance	(677)	46,148	(12,428,124)	(9,691,586)
Tax expense in income statement	-	-	268,454	(670,289)
Amounts recognised in balance sheet				
Deferred tax liability	-	-	(12,428,124)	(9,691,586)
	-	-	(12,428,124)	(9,691,586)

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Notes to the Financial Statements

For the Year Ended 30 June 2013

21 Provisions - current

	2013	2012
	\$	\$
Provision for distribution	-	1,584,880
Employee entitlements	174,354	90,084
Total	174,354	1,674,964

22 Provisions - non current

Employee entitlements	9,517	33,174
Total	9,517	33,174

The employee entitlements provisions relate to the annual leave and long service leave entitlements of employees employed by CIF.

23 Current tax liability

Current income tax liability	677	-
Total	677	-

24 Derivative financial liabilities

Interest rate swaps	2,402,193	3,066,010
Total	2,402,193	3,066,010

Gains and losses arising from changes in net fair value of interest rates swaps are recognised in the income statement in the period in which they arise.

Terms and conditions are detailed in Note 25(f).

RFM Chicken Income Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Financial instruments

(a) Financial risk management policies

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

Financial instruments of the Group 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 Group 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 Group 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 counterpart, 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 Group 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 Group has a combination of fixed and floating rate debt, along with the use of interest rate swap contracts. CIF 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, 0.11% (2012: 0.2%) of the Trust's debt is fixed, excluding the impact of interest rate swap contracts. If interest rate swaps are taken into consideration then 62% of the Group's debt would be considered fixed.

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

	2013	2012
	\$	\$
Cash and short term deposits	2,214,709	2,014,741
Bank Overdraft	(79,601)	(131,041)
Bills of exchange	36,000,000	(36,000,000)
Market rate facility loan	5,000,000	(5,000,000)
	43,135,108	(39,116,300)

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Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Financial instruments (continued)

(c) Liquidity risk and capital management

The Group 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 covenant which is not to exceed 40% of the fair market value of the properties held for security. This ratio reduces to 35% on 31 December 2013 under the current facility agreement. The borrowing facility in respect of StockBank does not fall within this covenant ratio.

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

The Trust's bill facility was renegotiated with the NAB with a new termination date of 30 June 2017. At the same time, an extension in the termination date of the market rate facility from 31 December 2012 to 31 December 2013, was also renegotiated with the NAB.

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

(d) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

Baiada Poultry Pty Ltd ABN 96 002 925 944 is the sole customer of CIF's chicken growing activities. Baiada is one of Australia's largest poultry producers with farming, processing, distribution, marketing and sales operations. Baiada contracts with CIF in relation to the provision of broiler sheds and managing the growth of chicken batches.

The credit risk is managed through careful monitoring of debtor outstanding balances and through the ongoing relationship and communication with Baiada.

(e) Price risk

The Group has an exposure to price risk on the sales price that will be achieved for the livestock biological assets. This is managed by undertaking selective buying as and when opportunities arise, phasing the timing of purchases and sales and contracting for forward sales should suitable opportunities present.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Financial instruments (continued)

(f) Interest rate swaps held for trading

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

The notional principal amounts of the swap contracts approximates 60% (2012: 62%) of the consolidated Group'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.

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

	Effective average interest rate payable		Notional principal	
	2013	2012	2013	2012
	%	%	\$	\$
Settlement				
< 1 year	5.06	-	8,254,594	-
2 to 5 years	-	5.15	-	8,904,598
Greater than 5 years	6.01	6.01	16,500,000	16,500,000
Total			24,754,594	25,404,598

The net gain/(loss) recognised on the swap derivative instruments for the year ended 30 June 2013 was a gain of \$663,816 (2012: loss \$2,603,658).

(g) Net fair value

The only financial asset or liability which differs between fair and carrying values is in regard to asset purchase liabilities. The carrying value of asset purchase liabilities at 30 June 2013 is \$45,685 (2012: \$97,188). The fair value of these liabilities is not considered to be significantly different to their carrying values. All other financial assets and liabilities' carrying values approximate fair value as at 30 June 2013.

The fixed interest rates range between 7.16% and 8.47% (2012: between 7.16% and 8.47%).

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Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Financial instruments (continued)

(h) Sensitivity analysis

The Trust has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate risk sensitivity analysis

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%	(163,250)	(137,117)
- Decrease in interest rate by 1%	163,250	137,117
Change in equity		
- Increase in interest rate by 1%	(114,275)	(95,982)
- Decrease in interest rate by 1%	114,275	95,982

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Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Financial instruments (continued)

(i) 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, bills of exchange and bank loans where the cash flows have been estimated using interest rates applicable at the reporting date. Maturity dates shown below reflect the updated finance terms agreed with NAB.

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	2,214,709	2,014,741	-	-	-	-	-	-	-	-	2,214,709	2,014,741
Trade and other receivables	4,095,652	4,465,461	-	-	-	-	-	-	-	-	4,095,652	4,465,461
Total Financial Assets	6,310,361	6,480,202	-	-	-	-	-	-	-	-	6,310,361	6,480,202
Financial liabilities:												
Market rate facility loan	5,128,800	144,250	-	144,250	-	5,144,250	-	-	-	-	5,128,800	5,432,750
Bills of exchange	5,542,200	1,143,000	1,042,200	1,143,000	37,753,200	37,143,000	-	-	-	-	44,337,600	39,429,000
Trade and sundry payables	2,586,521	3,458,466	-	-	-	-	-	-	-	-	2,586,521	3,458,466
Asset purchase liabilities	31,370	20,226	6,768	20,226	11,280	66,582	-	-	-	-	49,418	107,034
Bank overdraft	79,601	131,041	-	-	-	-	-	-	-	-	79,601	131,041
Interest rate swaps	-	-	-	-	93,736	242,857	-	-	2,308,457	2,823,153	2,402,193	3,066,010
Total financial liabilities	13,368,492	4,896,983	1,048,968	1,307,476	37,858,216	42,596,689	-	-	2,308,457	2,823,153	54,584,133	51,624,301

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Notes to the Financial Statements

For the Year Ended 30 June 2013

26 Issued units

	2013 No.	2012 No.
Units on issue at the beginning of the financial year	63,396,831	63,057,236
Units issued during the financial year	241,436	339,595
Units on issue at the end of the financial year	63,638,267	63,396,831

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

At balance sheet date, the unit redemption price was \$0.8280 (2012: \$0.7681) representing \$52,692,485 (2012: \$48,695,106).

27 Asset revaluation reserve

	Note		
Opening balance		27,049,045	24,812,191
Increment/(decrement) in investments reinstated on deconsolidation		148,389	-
Increment/(decrement) in property, plant and equipment	15(a)	8,548,133	3,195,518
Total increment/(decrements) recognised in equity		8,696,522	3,195,518
Income tax applicable		(2,586,698)	(958,664)
Closing balance		33,158,869	27,049,045

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

28 Distributions paid and payable

	Tax deferred \$	Income \$	Total \$	Cents per unit \$
Distributions paid and payable - 2013				
Interim distribution 30 September 2012	1,587,378	-	1,587,378	0.0250
Total distribution for the year ended 30 June 2013	1,587,378	-	1,587,378	0.1000
Distributions paid - 2012				
Interim distribution 30 September 2011	1,578,507	-	1,578,507	0.0250
Interim distribution 31 December 2011	1,580,726	-	1,580,726	0.0250
Interim distribution 31 March 2012	1,582,611	-	1,582,611	0.0250
Final distribution 30 June 2012	1,584,880	-	1,584,880	0.0250
Total distribution for the year ended 30 June 2012	6,326,724	-	6,326,724	0.1000

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Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Key management personnel compensation

(a) Directors

The Directors of RFM are considered to be Key Management Personnel of the Group. 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 CIF 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 from CIF:

- 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 for the first two months of the financial year 2012/2013, and was increased to 1.25% from September 2012. Licenced 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.
- Asset Management Fee - 5% of farm operating expenses.
- Performance Bonus – 11% 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 Group are payable or reimbursable out of the Group assets to the extent that such reimbursement is not prohibited by Corporations Law.

In addition, under the constitution of StockBank, RFM is entitled to the following remuneration from StockBank:

- Contribution Fee - 2% of the value of each application for units in the Trust.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Key management personnel compensation (continued)

(b) Other key management personnel (continued)

- Management Fee - 2.5% of gross margin of each livestock lot sold. The gross margin is calculated as the sale price of the livestock less all direct costs of acquisition, maintenance and disposal, and less fees payable to the landowner (profit share) and SBK earning a minimum return.

- Asset Management Fee - 10% of the gross margin as defined above.

- Expenses - all expenses incurred by RFM in relation to the proper performance of its duties in respect of the Trust are payable or reimburseable out of the Trust assets to the extent that such reimbursement is not prohibited by Corporations Law.

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 Group directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Group to the Directors as Key Management Personnel.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

30 Related party transactions

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

(a) Responsible Entity (Rural Funds Management Limited) and related entities

	2013	2012
	\$	\$
Management fee	1,296,968	1,058,097
Farm/asset management fee	580,736	644,505
Total management fees	1,877,704	1,702,602
Expenses reimbursed to RFM	3,058,630	3,124,565
Interest paid	34,526	-
Profit share warranties	(54,755)	-
Cost warranties	(114,732)	-
Grower default compensation	(192,888)	-
Total	4,608,485	4,827,167

(b) Debtors

RFM	32,144	33,249
Total	32,144	33,249

(c) Creditors

RFM	568,896	1,092,706
RFM Farming Pty Ltd	-	7,425
Total	568,896	1,100,131

(d) Custodian - Australian Executor Trustees Limited

Custodian fee	51,033	50,471
Total	51,033	50,471

(e) Entities with significant influence over the trust

	Units held	%
RFM	373,005	0.59

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Notes to the Financial Statements

For the Year Ended 30 June 2013

31 Controlled entities

	Percentage owned 2012
Subsidiaries of parent entity:	
RFM StockBank	81.97%

RFM StockBank was deconsolidated from the Group on 30 June 2013 when CIF lost control of the entity due to further unit issues to non-controlling interests.

32 Economic dependency

100% of Chicken Income Fund's revenue from chicken growing activities comes from growing contracts with Baiada Poultry Pty Limited ABN 96 002 925 948. These contracts have a remaining term in the range of 10 years to 24 years. CIF is therefore economically dependent upon Baiada Poultry Pty Limited.

33 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 the CIF with RFM RiverBank and the RFM Australian Wine Fund. Under the proposal the new combined entity is expected to be listed on the Australian Stock Exchange. The restructure is expected to enable unitholders to unlock value in their investments 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 investments, increase diversification, and provide the merged fund greater access to capital markets. The unitholder 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

34 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2013	2012
	\$	\$
Profit/(loss) for the year	553,425	(1,681,674)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	5,848,237	5,348,050
Impairment/(Impairment reversal) in value of property, plant and equipment	(10,607)	42,257
Unrealised (gain)/loss on interest rate swap	(663,816)	2,603,657
Impairment in intangibles	-	116,000
Gain on sale of assets	(2,496)	-
Loss on sale of assets	14,237	-
Changes in assets and liabilities		
Decrease/(increase) in trade and term receivables	(80,311)	(680,996)
Decrease/(increase) in prepayments	(93,663)	176,000
Decrease/(increase) in inventories	(12,773)	(3,821)
Decrease/(increase) in biological assets	(3,092,233)	(2,565,665)
(Decrease)/increase in trade payables and accruals	(422,594)	1,672,631
(Decrease)/increase in income tax payable	156,216	7,519
(Decrease)/increase in deferred taxes payable excluding the impact on asset revaluation reserve	158,386	(670,289)
(Decrease)/increase in provisions	55,856	(228,567)
Cashflow from operations	2,407,864	4,135,102

CIF has a commercial bill facility amounting to \$36,000,000 (2012: \$36,000,000). At 30 June 2013 \$36,000,000 of the limit of the bill facility was used (2012: 36,000,000).

In addition, at 30 June 2013, the Trust had a market rate facility of \$5m which was fully utilised. This facility is due to expire on 31 December 2013.

The Trust has an overdraft facility of \$800,000 of which \$79,601 was used at 30 June 2013 (2012: \$131,041).

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Notes to the Financial Statements

For the Year Ended 30 June 2013

35 Parent entity

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

	2013	2012
	\$	\$
Statement of Financial Position		
Assets		
Current assets	6,754,676	4,492,729
Non-current assets	105,721,185	102,559,617
Total assets	112,475,861	107,052,346
Liabilities		
Current liabilities	12,375,855	12,573,940
Non-current liabilities	46,350,817	45,832,382
Total liabilities (excluding net assets attributable to unitholders)	58,726,672	58,406,322
Issued units	22,752,113	24,153,574
Asset revaluation reserve	33,158,868	27,049,044
Retained profits/(accumulated losses)	(2,161,792)	(2,556,594)
Net assets attributable to unitholders	53,749,189	48,646,024
Total liabilities	112,475,861	107,052,346
Statement of Comprehensive Income		
Total profit/(loss) for the year	394,801	(1,694,880)
Other comprehensive income, net of tax	5,983,693	2,236,854
Total comprehensive income	6,378,494	541,974

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ARSN 105 754 461

Auditors 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: 30 September 2013

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