

Almond Fund 2008

Financial Statements

For the Half Year Ended 31 December 2013

RFM Almond Fund 2008

ARSN 127 947 960

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
Directors	Guy Paynter David Bryant Michael Carroll
Company Secretary	Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street SYDNEY NSW 2000

RFM Almond Fund 2008

ARSN 127 947 960

CONTENTS

	Page
Directors of the Responsible Entity's report	1
Independent Auditor's review report	6
Directors of the Responsible Entity's declaration	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in net assets attributable to Growers	11
Statement of cash flows	12
Notes to the financial statements	13
Auditor's independence declaration	19

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's report

31 December 2013

The Directors of Rural Funds Management Limited ("RFM"), the Responsible Entity of RFM Almond Fund 2008 ("AF08" or "the Scheme") present their report on the Scheme for the half year ended 31 December 2013.

Directors

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

Guy Paynter
David Bryant
Michael Carroll

The Directors have been in office since the start of the financial half year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Scheme is the commercial growing of almonds to be sold for consumption or processing Australia and internationally.

AF08 was established in 2008 to provide Growers with an opportunity to invest and participate in the business of growing and selling almonds. The Growers are licensed to operate an almond growing business for 19 years from June 2008 after which the revenue from their trees reverts to the lessor.

For the duration of the licence period, Growers are entitled to receive net cash flows arising under the Scheme, being revenue from almond sales less Scheme costs. Prior to the almond trees reaching commercial maturity, which occurred at the end of 2013 year, Scheme costs exceeded revenues and the Growers were required to fund the shortfall. When the revenues exceed costs, the surplus will be distributed to Growers.

As the Scheme manages the cash flows associated with the above and does not operate a business in its own right, AF08 does not have net assets except for the balance noted in the Statement of financial position which represents the excess of remaining 2013 harvest proceeds inventory value over 2014 expenses. The respective rights and obligations under the Licence and Management Agreement ("LMA") rest with the Growers.

Rural Funds Group (formerly RFM Riverbank) is the owner of the land which is leased or licenced to the Scheme for utilisation by the Scheme. The Scheme grants a licence of an Almondlot pursuant to the LMA. If Growers fail to make payment in accordance with the LMA, the Responsible Entity may cancel their Almondlots and the Grower's interest in the Scheme is automatically terminated.

In February 2011, Rural Funds Group and the Scheme clarified the obligations of both parties in a Funding Agreement, by which Rural Funds Group agreed to take a licence over the cancelled Almondlots, and provide a subsidy to the Scheme for the difference between the fixed fees initially invoiced to Growers and the actual orchard maintenance costs (capped at \$2.0m). This subsidy totalled \$634,846 in 2012, and the fixed fee period ended at 30 June 2012. From the end of the fixed fees period

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's report

31 December 2013

Principal activities (continued)

until the Termination Date (30 June 2015), funding is provided to the Scheme as a loan capped at \$2.657m. The interest on the funding will accrue daily at the interest rate BBSW + 4%.

Under the terms of the Funding Agreement, Rural Funds Group was granted licences over 102 of the total of 1058 Almondlots, comprising 32 cancelled in 2013, 35 cancelled in 2012 and 35 that were acquired from the previous responsible entity. No Almondlots have been cancelled since 1 July 2013.

Rural Funds Group publicly advertised for expressions of interest to take over its 102 Almondlots from 1 July 2013. RFM was the successful applicant offering the most commercially attractive bid and contracts for the 102 Almondlots were exchanged on 15 October 2013.

The granting of licences to Rural Funds Group for cancelled Almondlots did not confer upon Rural Funds Group the rights or obligations of a Grower under the Scheme, the cashflows from Rural Funds Group (now RFM) and the Growers have been shown separately.

Further information on the Scheme operations is detailed in note 1(a)(i) on page 13.

Each Grove operated represents an area of 0.2158 hectares. As at 31 December 2013, the Scheme had 174 Growers with a total of 956 Groves representing 206.3 hectares.

Review of results and operations

The net loss attributable to Growers for the half year ended 31 December 2013 was \$2,276,637 (2012 restated: \$2,063,228). The half year loss predominantly represents farming and lease costs incurred in the period.

A large proportion of farm direct costs occur from December until harvest completion and delivery of nuts to the processor. Generally, the Scheme's harvest commences in February and completes at the end of April.

Harvest proceeds are received in the financial year following harvest. Therefore, the proceeds of the 2013 harvest, the Scheme's fourth harvest, are available for funding against the 2014 operating costs. The table below gives the details of the 2013 harvest to the 2013 and 2014 harvest estimates.

	Tonnes per Grove	Per Hectare
2013 Estimated harvest per original PDS	0.67	3.10
2013 Actual harvest	0.89	4.12
2014 Estimated harvest per original PDS	0.75	3.50
2014 Estimated harvest	0.73	3.40

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's report

31 December 2013

Review of results and operations (continued)

The 2013 actual harvest yield significantly exceeded original yield estimates. As a result, no amounts were invoiced to Growers to cover the 2014 costs as harvest proceeds are expected to fully cover 2014 costs. Due to the recent firming in market conditions, the final price for 2013 harvest proceeds is expected to achieve a higher level than the price forecast.

The harvest estimate is based on nut counts from selected average cropped trees for all almond varieties which are conducted in the middle of the season. The 2014 crop is expected to yield slightly lower than the 2013 crop due to the tendency for trees to follow a large crop with a smaller one in the following year. However, Australian almond growers are expected to benefit from continued growth in global demand, strengthening almond prices and a lower Australian dollar.

The 2014 financial year was the sixth in which Growers were responsible for all operating, licence and management fees associated with their Groves. The details of the 2014 invoice are shown below.

Financial Year 2014 Final Invoice

	Fee \$	GST \$	Total \$
Itemised costs per Grove			
Management fee	-	-	-
Licence fee	-	-	-
Operating costs	-	-	-
Interest charges at BBSW plus 4%	-	-	-
Total	-	-	-
Less harvest proceeds from 2013 crop	-	-	-
Plus shortfall on 2013 invoice	-	-	-
Total	-	-	-

By comparison, the financial year 2013 final invoice was as follows:

	Fee \$	GST \$	Total \$
Itemised costs per Grove			
Management fee	211.96	21.20	233.16
Licence fee	995.13	99.51	1094.64
Operating costs	2,535.67	241.48	2,777.15
Interest charges at BBSW plus 4%	(93.70)	-	(93.70)
Total	3,649.06	362.19	4,011.25
Less harvest proceeds from 2012 crop	(1,511.15)	-	(1,511.15)
Total	2,137.91	362.19	2,500.10

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's report

31 December 2013

Distributions

No distributions were paid during the half year. In accordance with the Scheme constitution, almond harvest proceeds received by the Scheme were applied to meet harvest costs during the period.

Interests in the Scheme and Scheme assets

	Licence and Management Agreements	No. of Almondlots under LMAs
Licence and Management Agreements at 1 July 2013	174	956
Interests issued during the half year	-	-
Withdrawals from the Scheme	-	-
Licence and Management Agreements at 31 December 2013	174	956

Interests in the Scheme held by the Responsible Entity and its Associates

Rural Funds Group is a fund managed by the Responsible Entity and is therefore associated with AF08.

Rural Funds Group was granted licences over 102 Almondlots by the Scheme. Under the terms of these licences, Rural Funds Group was entitled to the harvest proceeds arising from these lots and was obliged to pay the operating expenses. Rural Funds Group did not have rights or obligations of a Grower under the Scheme.

Rural Funds Group publicly advertised for expressions of interest to take over its licences of the 102 Almondlots effective from 1 July 2013. RFM was the successful applicant offering the most commercially attractive bid and contracts were finalised on 15 October 2013. Rural Funds Group has retained entitlement to proceeds from the 2013 harvest and RFM has met costs to date associated with the 2014 harvest.

Fees paid to the Responsible Entity

In accordance with Licence and Management Agreements Item 6.4 of Schedule 1, the management fees paid to the Responsible Entity for the financial half year ended 31 December 2013 were \$114,235 (2012: \$113,316) inclusive of GST.

Scheme assets

At 31 December 2013 the Scheme held assets to a total value of \$2,860,686 (June 2013: \$5,508,488) on behalf of Growers. At balance date the Scheme had amounts held from 2013 harvest proceeds to cover Growers' 2013/14 operating costs, management fees and licence fees.

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's report

31 December 2013

After balance day events

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

Significant changes in the state of affairs

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

Environmental regulation and performance

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

Indemnification of Responsible Entity and Custodian

In accordance with the constitution of the Scheme, AF08 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.

The Scheme has not otherwise, during or since the end of the financial half year, indemnified or agreed to indemnify any 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 independent declaration has been provided to the Directors by the auditor of AF08, PricewaterhouseCoopers and can be found on page 19 of the financial report.

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



David Bryant

Director

Dated: 26 February 2014



Independent auditor's review report to the members of RFM Almond Fund 2008

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RFM Almond Fund 2008, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in net assets attributable to Growers and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RFM Almond Fund 2008, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RFM Almond Fund 2008 is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, likely belonging to CMC Heraghty.

CMC Heraghty
Partner

Sydney
26 February 2014

RFM Almond Fund 2008

ARSN 127 947 960

Directors of the Responsible Entity's declaration

In accordance with a resolution of the Directors of the Responsible Entity of RFM Almond Fund 2008:

In the opinion of the Directors:

- (a) The financial statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
 - a. Giving a true and fair view of the Scheme's financial position as at 31 December 2013 and of the performance for the half year end on that date; and
 - b. Complying with Australian Accounting Standards, Corporations Regulations 2001 and the Scheme's constitution; and

- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a faint, light-colored rectangular stamp or watermark.

David Bryant

Director

Dated: 26 February 2014

RFM Almond Fund 2008

ARSN 127 947 960

Statement of comprehensive income

For the half year ended 31 December 2013

		31 December 2013	31 December 2012 (Restated)
	Note	\$	\$
Revenue	3	3,613,655	958,953
Cost of goods sold		(3,480,015)	(908,492)
Other income		201,311	96,880
Interest received		-	46,288
Dividend received		-	100
Agribusiness operations		(1,564,955)	(1,564,384)
Management fees		(114,235)	(113,316)
Land lease		(617,564)	(579,257)
Other expenses		(314,834)	-
Net profit/(loss) attributable to Growers		(2,276,637)	(2,063,228)
Net profit/(loss) for the period		(2,276,637)	(2,063,228)
Other comprehensive income		-	-
Total comprehensive income for the period, representing changes in net assets attributable to Growers		(2,276,637)	(2,063,228)

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

ARSN 127 947 960

Statement of financial position

For the half year ended 31 December 2013

		31 December 2013	30 June 2013
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		930	2,842
Trade and other receivables	4	534,386	48,283
Inventory	5	2,325,370	5,457,363
Total current assets		2,860,686	5,508,488
Non-current assets			
Financial assets		-	-
Total non-current assets		-	-
TOTAL ASSETS		2,860,686	5,508,488
LIABILITIES			
Current liabilities			
Trade and other payables		-	371,165
Total current liabilities		-	371,165
Total non-current liabilities		-	-
TOTAL LIABILITIES		-	371,165
Net assets attributable to Growers		2,860,686	5,137,323

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

ARSN 127 947 960

Statement of changes in net assets attributable to Growers

For the half year ended 31 December 2013

31 December 2013	Net assets attributable to Growers
	\$
Balance at 1 July 2013	5,137,323
Contributions received from Growers	-
Changes in net assets attributable to Growers	(2,276,637)
Balance at 31 December 2013	2,860,686

31 December 2012	Net assets attributable to Growers (Restated)
	\$
Balance at 1 July 2012	1,652,562
Contributions received from Growers	2,183,374
Changes in net assets attributable to Growers	(2,063,228)
Balance at 31 December 2012	1,772,708

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

ARSN 127 947 960

Statement of cash flows

For the half year ended 31 December 2013

	31 December 2013 \$	31 December 2012 \$
Cash flow from operating activities		
Receipts from customers - Almondco	3,265,633	836,353
Repayment of 2012 shortfall funding to Rural Funds Group	(360,136)	-
Received from Rural Funds Group for cancelled Groves	-	120,955
Payments to Responsible Entity	(2,927,822)	(3,194,208)
Interest received	453	2,381
Net cash provided by/(used in) operating activities	(21,872)	(2,234,519)
Cash flow from financing activities		
Contributions from Growers	19,860	2,032,818
Net cash provided by/(used in) financing activities	19,860	2,032,818
Cash flow from investing activities		
Dividend received	100	100
Net cash provided by/(used in) investing activities	100	100
Net increase/(decrease) in cash and cash equivalents	(1,912)	(201,601)
Cash and cash equivalents at beginning of period	2,842	240,393
Cash and cash equivalents at end of period	930	38,792

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

1. Summary of significant accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2013 has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The financial report covers RFM Almond Fund 2008 ("AF08" or the "Scheme") as an individual entity. AF08 is a Scheme established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Scheme as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by AF08 during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(i) Scheme information

AF08 is a registered Australian Managed Investment Scheme and was constituted in 2008. RFM, the Responsible Entity for the Scheme 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 Scheme are described in the Directors of the Responsible Entity's report.

The Scheme does not operate a business in its own right. The Scheme acts as a conduit for the receipt of income from the sale of almonds produce and the distribution of the same to the Grower investors. It also acts as a conduit for the receipt of monies from Growers and where applicable the distribution of those monies in accordance with the Scheme's constituent documents. Growers are responsible for all operating costs, licence and management fees, including an interest component to fund the operation. Any profits made under the Scheme are profits made by the Growers.

For the duration of the licence period, Growers are entitled to receive the net cash flows arising under the Scheme, being the revenue from almond sales less Scheme costs. The almond trees reached commercial maturity at the end of 2013 year. The 2013 harvest revenue received throughout 2014 has been applied to fund 2014 operating expenses. When the revenues exceed the costs, the surplus will be distributed to Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, the Scheme does not have net assets except for the balance noted in the Statement of financial position which represents the excess of remaining 2013 harvest proceeds inventory value over expenses related to 2014. The respective rights and obligations under the Licence and Management Agreement ("LMA") rest with the Growers.

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Scheme information (continued)

The information in this financial report is for the benefit of Growers and includes income and expenditure that has 'flowed through' the Scheme. However, it should be noted that the Scheme does not generate income or incur expenditure in its own right.

(ii) Obligations of the Responsible Entity

The Responsible Entity, RFM, has obligations to operate the Scheme and perform functions conferred on it by the relevant Scheme constitution.

In addition, RFM has separately entered into individual contractual arrangements with members of the Scheme under which RFM has other obligations directly with the individual members of the Scheme.

This financial report relates only to the Scheme and therefore only considers the obligations of RFM to the Scheme pursuant to the constitution and the sublease. Other than as noted below at Note 1(a)(iii), the financial report does not consider obligations of RFM in respect of obligations to members of the Scheme pursuant to separate contractual relationships between RFM and those members.

(iii) Other Obligations to members of the Scheme

In addition to its responsibilities as the Responsible Entity, RFM has entered into individual contractual arrangements with members of the Scheme under which RFM is obliged to incur various expenditure and provide various services. The members either have paid or will make payments to RFM to perform these obligations. The costs incurred by RFM in discharging its contractual obligations with members are specific financial obligations of RFM and are reimbursable to RFM from the members. They can be recoverable from members' proceeds of sale and are not financial obligations of the Scheme. Therefore these costs are not directly relevant to this financial report.

Notwithstanding this, members of the Scheme should understand that in addition to RFM meeting its obligations to the Scheme under the Managed Investment Scheme constitution, RFM also needs to meet its contractual obligations to members for services rendered pursuant to the individual agreements entered into with individual members of the Scheme. The obligations include incurring maintenance expenditure for the duration of the Scheme.

The cash inflows to RFM from the performance of the ongoing management and maintenance services for the members are predominately received within thirteen months of the expenditure being incurred.

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

(b) Change in accounting policy

During the period ended 30 June 2013 the Responsible Entity clarified the ownership of almonds once delivered to the processor. It has been determined that the Scheme retains ownership of the almonds until they are paid for. Consequently harvest proceeds receivable that were classified in debtors have been reclassified to inventory. Additionally the increment in the value of almond inventories is reflected in an increase or decrease in the net fair value of biological assets where previously it was disclosed as harvest revenue.

Almondco retains processing costs from harvest proceeds before remitting the net balance to the Scheme. In prior periods revenue was disclosed based on the net amount of harvest proceeds received. At 31 December 2013 it has been clarified that the revenue should represent the gross amount receivable including the processing costs. Processing costs are consequently included in costs of goods sold. The value of inventory remains at the lower of cost and net realisable value.

The financial effect of these changes is:

	31 December 2013	31 December 2012 (Restated)
	\$	\$
Statement of comprehensive income		
Revenue	-	958,953
COGS	-	(908,492)
Change in net profit / (loss)	-	50,461

The changes have no effect to the net profit for the period ended 30 June 2013.

(c) Statement of compliance

The financial report of AF08 complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

(d) Reporting basis and conventions

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

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

2. Significant accounting judgements, estimates and assumptions

The preparation of 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.

Almond price forecast

The price forecast for the balance of harvest proceeds is based on Almondco's almond value advice which taking consideration of the trend of demand and supply, performance from other major almond producers as well as foreign currency fluctuation.

3. Revenue

	31 December 2013	31 December 2012 (Restated)
	\$	\$
Harvest proceeds – sale of almonds	3,613,655	958,953
Total	3,613,655	958,953

Harvest proceeds for the 2013 almond crop have been received into the Scheme bank account from July 2013. These proceeds are disclosed in the Scheme's accounts as a reduction of fees payable to the Responsible Entity in regard to the 2014 costs that will be invoiced to Growers in due course. Harvest proceeds are not considered Scheme's property but are property of the Growers and are disclosed in the financial statements. The total actual harvest proceeds received at the end of December 2013 was \$3,265,633 which is the net proceeds excluding the processing costs for the entire crop.

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

4. Trade and other receivables

	31 December 2013 \$	30 June 2013 \$
Trade receivables	3,989	23,849
Other receivables	-	24,434
Harvest funds receivables from RFM	530,397	-
Total	534,386	48,283

The \$530,397 harvest funds receivable from RFM represents the excess of 2013 harvest proceeds over 2014 operating cost incurred as at 31 December 2013 net of prior periods' shortfall adjustments. These funds will be applied to the operating costs that will be incurred over the upcoming year ending 30 June 2014.

5. Inventory

Agricultural produce		
Almonds on hand at processor	2,325,370	5,457,363
Total	2,325,370	5,457,363

The Scheme receives instalment payments of the proceeds as the almonds are sold and therefore the final sale price will not be known until the final instalment is received, which for the current forecast is due in June 2014. The forecast sale price is \$6.25 per kilogram (2012 harvest: \$5.07 actual).

RFM Almond Fund 2008

ARSN 127 947 960

Notes to the financial statements

For the half year ended 31 December 2013

6. 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.

Farm manager (Rural Funds Management Limited)

The farm manager's fees are based on the farm operating costs incurred by the Responsible Entity plus property licence fees, and management fees prescribed by the Scheme PDS for the half year ended 31 December 2013.

Transactions between the Scheme and the Responsible Entity and any entities under the control of the Responsible Entity:

	31 December 2013	31 December 2012
	\$	\$
Responsible Entity's management fees	114,235	113,316
Licence fee	617,564	579,257
Operating expenses	1,564,955	1,564,384
Interest received	-	(46,288)
Cost recovery for cancelled Groves - received from RFM	(201,311)	-
Harvest proceeds for cancelled Groves – paid to / (received from) Rural Funds Group	314,834	(106,427)
Total	2,410,277	2,104,242

7. After balance day events

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



Auditor's Independence Declaration

As lead auditor for the review of RFM Almond Fund 2008 for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to be 'J. Heraghty', with a long horizontal line extending to the right.

CMC Heraghty
Partner
PricewaterhouseCoopers

Sydney
26 February 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

This page is left intentionally blank

Responsible Entity

Rural Funds Management Limited
ABN 65 077 492 838
AFSL 226 701

Level 2, 2 King Street
Deakin Act 2600

www.ruralfunds.com.au

Telephone (Investor Services)
1800 026 665

Telephone (Adviser Services)
1300 880 295

Facsimile
1800 625 518