

RFM Australian Wine Fund

ARSN 099 573 485

Financial Statements

For the Year Ended 30 June 2011

RFM Australian Wine Fund

DIRECTORY

Registered Office	Level 2, 2 King St 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 Trustee Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Auditors:	Boyce Assurance Services Pty Limited 36 Bombala Street COOMA NSW 2630

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Directors of the Responsible Entity's Report

30 June 2011

The Directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM Australian Wine Fund ("AWF" or the "Trust"), present their report on the Trust and its controlled entity for the financial year ended 30 June 2011.

Directors

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

Names

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 production, harvest and sale of wine grapes.

Trust information

AWF is a registered Australian managed investment trust, and was constituted in 2002. 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.

AWF was formerly called the RFM Ultra Premium Vineyard Fund ("UPVF"). The name was changed on 3 March 2011 subsequent to the merger between UPVF and the Agricultural Income Trust Fund 1 ("AIT") completed on 28 February 2011. As part of the merger transaction, AIT unitholders relinquished their AIT units and were issued with 1 UPVF unit for every 1.0235 AIT units held. The AIT continues to exist as an entity, however all AIT units are wholly owned by the AWF. RFM is the Responsible Entity of AIT.

The merger was conditional on a Rights Issue Offer ("Offer") in which existing UPVF unitholders could subscribe for 2.5993 UPVF units for every 1 UPVF unit held as at 30 November 2010. A total of \$6.1million was raised under the Offer at an issue price of \$0.1691, which represented a 70% discount to the 15 November 2010 net asset value of \$0.5469.

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Directors of the Responsible Entity's Report

30 June 2011

Review of Results and Operations

Operating Results

The consolidated loss after income tax attributable to unitholders for the financial year ended 30 June 2011 amounted to \$(1,972,080) (2010: loss \$(261,336)).

The 2011 operating result reflected significant rain events that occurred during harvest across the districts where the AWF's vineyards are located. Harvest resulted in a wide variation of grape quality grades and a small amount of crop not being harvested. Grapes that had matured and were able to be harvested earlier were not impacted by as many rain events and achieved much higher grades than those with slower maturity and later harvest. Overall, the grape revenue of \$5.6m, was 20% below forecast.

As a result of these rain events more fungicide was used to protect the crop from disease and the harvest took longer to complete, resulting in operating and harvest costs above expectations. In addition further costs will be required in 2012 to allow the vineyards to fully recover.

The vineyards were independently valued in June 2011 by Gaetjens Pickett Valuers and values were little changed from June 2010 valuations (2011: \$31.8m v 2010: UPVF \$13.6m and AIT \$18.5m). The directors believe the valuation reflects stability in the marketplace for vineyard sales.

The result for the year is also impacted by an impairment of \$447,646 relating to the difference between the fair value of AIT at 28 February 2011 against the amount estimated in the PDS.

Distributions

There have been no distributions paid or declared during the year ended 30 June 2011.

Performance

	2011	2010	2009	2008	2007
Distribution return	0.00%	-0.00%	1.71%	0.00%	0.00%
Growth return	-40.71%	-0.58%	-48.10%	-9.10%	-3.01%
Total return	-40.71%	-0.58%	-46.39%	-9.10%	-3.01%
Grossed Up Distribution	0.00%	0.00%	1.71%	0.00%	0.00%
Grossed Up Total Return	-40.71%	-0.58%	-46.39%	-9.10%	-3.01%

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.

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 administration fees such as audit, custodian and registry, 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 2011 is 5.37% (2010:7.19%).

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Directors of the Responsible Entity's Report

30 June 2011

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 and payable to RFM \$189,780 (2010: \$245,984)
- Asset management fee for the financial year paid to RFM \$150,826 (2010: \$23,208)
- Expenses incurred by RFM and reimbursed by the Trust in accordance with the Trust's constitution \$871,831 (2010: \$491,218)

The interests in the Trust held by RFM and its associates at the end of the year are disclosed in Note 26 to the financial statements.

Unit prices

The ex-distribution exit prices and the highest and lowest exit prices for the AWF 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.

	2011	2010	2009	2008	2007
As at 30 June	0.3256	0.5492	0.5524	1.0643	1.1708
Year to 30 June					
High	0.5426	0.5743	0.9510	1.1382	1.2041
Low	0.3256	0.5325	0.5524	1.0643	1.1708

Units on issue

70,483,642 units of AWF were on issue at 30 June 2011 (2010: 13,635,642). During the year 49,310 (2010: 32,576) units were issued by the Trust in addition to the 36,107,587 subscribed for under the Rights Issue. 20,691,103 units were issued in exchange for AIT units under the merger with AIT and no units (2010: nil) were redeemed.

Trust assets

At 30 June 2011 the consolidated group held assets to a total value of \$37,463,614 (2010: \$16,590,408). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

Significant Changes in State of Affairs

The significant changes to the state of affairs during the year were the Rights Issue, merger and change of name as detailed in the Trust Information section on page 1.

After balance date events

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

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Directors of the Responsible Entity's Report

30 June 2011

Likely developments and expected results

Despite the extremely difficult vintage conditions in 2011, the AWF continues to demonstrate the ability of its vineyards to produce increasingly high quality fruit in greater volumes. The AWF has now produced Grange quality fruit in three consecutive years, and very substantial quantities of fruit for other premium wine labels. This trend of rising quantities of high quality fruit has positioned the AWF for profitability with more normal vintage conditions, as the market for high quality fruit tightens.

As a result of the additional operating and harvest costs incurred in 2011 and the additional costs that will be required in 2012 to allow the vineyards to fully recover from the rain events in 2011, the AWF will require capital by February 2012 to meet its peak working capital requirement and it is intended that this capital be sourced through working capital and an extension of the AWF's bank funding rather than an equity raising. This funding is outside the AWF's current facility and RFM will need to seek bank approval for this additional requirement.

Environmental regulation and performance

The operations of the Group 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 Group.

Indemnification of Responsible Entity and Custodian

In accordance with the constitution of AWF, 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.

AWF 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 the AWF, Boyce Assurance Services Pty Limited, and can be found on page 46 of the Financial Report.

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



David Bryant

Director

Dated: 29 September 2011

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Independent Audit Report to the members of RFM Australian Wine Fund

Report on the Financial Report

We have audited the accompanying financial report of RFM Australian Wine Fund, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended 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 Trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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RFM Australian Wine Fund

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Independent Audit Report to the members of RFM Australian Wine Fund

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 has been provided to the Directors of the Responsible Entity of RFM Australian Wine Fund on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of RFM Australian Wine Fund and its controlled entity 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in note 3 Going Concern, there is material uncertainty whether the Group will be able to continue as a going concern and therefore whether it will pay its debts as and when they fall due and release its assets and extinguish its liabilities in the normal course of business, and at the amount stated in the financial report. The financial report of the Group does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 29 September 2011

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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 Australian Wine 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 and Consolidated Entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, Corporations Regulations 2001 and the Trust's constitution; and
- (b) subject to the matters disclosed at 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



Director

Dated: 29 September 2011

RFM Australian Wine Fund

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Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	4	5,643,373	3,475,942
Other income	5	7,400	-
Direct cropping expenses		(3,285,819)	(995,510)
Employee costs		(576,104)	(95,411)
Depreciation and impairments	7	(804,329)	(183,842)
Decrease in the value of biological assets	14	(80,169)	(966,896)
Management fees	26	(340,606)	(269,192)
Property rates and rentals		(416,314)	(115,299)
Repairs and maintenance		(59,199)	(18,470)
Professional fees		(566,054)	(216,792)
Other expenses		(461,969)	(196,828)
Finance costs	7	(970,019)	(679,038)
Loss before income tax		(1,909,809)	(261,336)
Income tax expense	9	(62,271)	-
Loss after income tax		(1,972,080)	(261,336)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the period, representing net change attributable to unitholders		(1,972,080)	(261,336)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	10	2,179,584	1,597,685
Trade and other receivables	11	2,292,802	1,180,408
Inventories	12	59,490	2,214
Biological assets	14	416,042	128,613
Other current assets	15	217,218	21,180
Total current assets		5,165,136	2,930,100
Non-current assets			
Investments	13(b)	1,466,265	-
Derivative financial assets	13(a)	103,573	77,037
Property, plant and equipment	16	20,195,776	9,196,457
Intangible assets	17	81,613	81,567
Biological assets	14	10,451,251	4,305,247
Total non-current assets		32,298,478	13,660,308
TOTAL ASSETS		37,463,614	16,590,408
LIABILITIES			
Current liabilities			
Trade and other payables	18	504,194	326,626
Interest bearing liabilities	19	67,930	300,000
Short-term provisions	20	73,337	3,696
Total current liabilities		645,461	630,322
Non-current liabilities			
Interest bearing liabilities	19	14,119,751	8,543,623
Long-term provisions	20	25,898	12,003
Total non-current liabilities		14,145,649	8,555,626
TOTAL LIABILITIES (excluding net assets attributable to unit holders)		14,791,110	9,185,948
Net assets attributable to unit holders		22,672,504	7,404,460
TOTAL LIABILITIES		37,463,614	16,590,408

The accompanying notes form part of these financial statements.

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Statement of Changes in Net Assets Attributable to Unitholders

For the Year Ended 30 June 2011

2011

	Issued units	Asset Revaluation Surplus	Retained Earnings	Net assets attributable to unitholders
	\$	\$	\$	\$
Balance at 1 July 2010	14,107,519	1,412,192	(8,115,251)	7,404,460
Shares issued as a result of acquisition of subsidiary	11,260,099	-	-	11,260,099
Profit/(loss) before tax attributable to unitholders	-	-	(1,972,080)	(1,972,080)
Equity issue costs (net of tax)	(145,301)	-	-	(145,301)
Units issued during the year	6,125,326	-	-	6,125,326
Transfers to and from reserves				
Sub-total	17,240,124	-	(1,972,080)	15,268,044
Balance at 30 June 2011	31,347,643	1,412,192	(10,087,331)	22,672,504

2010

	Issued units	Asset Revaluation Surplus	Retained Earnings	Net assets attributable to unitholders
	\$	\$	\$	\$
Balance at 1 July 2009	14,089,355	1,412,192	(7,853,915)	7,647,632
Profit/(loss) before tax attributable to unitholders	-	-	(261,336)	(261,336)
Units issued during the year	18,164	-	-	18,164
Sub-total	18,164	-	(261,336)	(243,172)
Balance at 30 June 2010	14,107,519	1,412,192	(8,115,251)	7,404,460

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities:			
Receipts from customers		4,545,324	2,350,081
Payments to suppliers and employees		(3,481,805)	(2,295,152)
Interest received		41,570	8,508
Interest paid		(911,935)	(654,280)
Net cash from/ (used in) operating activities	28	193,154	(590,843)
Cash flows from investing activities:			
Purchase of biological assets	14	(167,141)	-
Purchase of property, plant and equipment	16	(31,547)	-
Cash on acquisition	6	194,241	-
Net cash used in investing activities		(4,447)	-
Cash flows from financing activities:			
Proceeds from issue of shares		6,125,326	18,164
Issue of shares		(207,572)	-
Proceeds from borrowings		14,000,000	(232,528)
Repayment of borrowings		(19,543,623)	-
Other borrowings		19,061	-
Net cash provided by (used in) financing activities		393,192	(214,364)
Net increase (decrease) in cash held		581,899	(805,207)
Cash and cash equivalents at beginning of financial year		1,597,685	2,402,892
Cash and cash equivalents at end of financial year	10(a)	2,179,584	1,597,685

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with:

1. The Trust's constitution and the requirements of the Corporations Act 2001.
2. Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers RFM Australian Wine Fund ("AWF" or the "Trust") as an individual parent entity and AWF and its controlled entities as an economic entity. AWF 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 AWF for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 29 September 2011.

AWF is a registered Australian managed investment trust, and was constituted in 2002. Rural Funds Management Ltd ("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 Group are described in the Directors of the Responsible Entity's Report.

(b) Going Concern

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

(c) Reporting Basis and Conventions

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

(d) Statement of Compliance

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

(e) Basis of consolidation

(i) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by RFM Australian Wine Fund at the end of the reporting period. A controlled entity is any entity over which RFM Australian Wine 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(e) Basis of consolidation (continued)

(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 29 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 have been changed where necessary to ensure consistency with those adopted by the parent entity.

(f) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(f) Business combinations (continued)

period to fair value through the statement of comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(g) Cash and Cash Equivalents

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

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

(h) 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 over a period of 6 months in accordance with grape sale contracts.

(i) Inventories

Inventory is stated at the lower of cost and net realisable value. The Group's inventory is constantly monitored for obsolescence.

(j) Biological assets

Grape vines are measured at their fair value less estimated point of sale costs. The fair value of vineyards, including land, grapevines, and other vineyard infrastructure, is determined by an independent valuer, using the present value of expected net cash flows from the vineyards, discounted using a pre-tax market determined rate. The fair value of land and other vineyard infrastructure is deducted from the fair value of vineyards, to determine the fair value of grape vines.

Changes in fair value less estimated point of sale costs of grape vines are recognised in the income statement in the year they arise.

Key assumptions have been outlined in Note 2.

(k) Investments in available for sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(k) Investments in available for sale securities (continued)

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(l) Property, Plant and Equipment

(i) General Information

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

(ii) Property

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

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

Revaluations of land and buildings:

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

(iii) Plant and equipment

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

(iv) Depreciation

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

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(l) Property, Plant and Equipment (continued)

(v) Depreciation rates

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5-5%
Plant and Equipment	10-33%
Furniture, Fixtures and Fittings	10-20%
Trellising	2.5%
Irrigation system	5%

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.

(m) Impairment of assets

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

(n) Financial Instruments

(i) Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(iii) Financial liabilities

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

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(n) Financial Instruments (continued)

(iv) Fair value

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

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Unitholders' funds Monetary assets and liabilities at current rates

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(t) Terms and conditions on units

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

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders: and
- participate in the termination and winding up of the Trust.

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

(u) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers when risk and reward of ownership transfers.

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

Revenue from the rendering of services is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(v) Lease revenue

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

(w) 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.

(x) Goods and Services Tax (GST)

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(y) Income Tax

The charge for current income tax expense is based on the adjusted profit 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 income statement 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 consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(z) Distributions

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

(aa) 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 124 Related Party Disclosures and amending standard AASB 2009-12	30 June 2012	- Clarification of the definition of a related party - Requirement to disclose commitments to related parties - Disclosure exemptions for government-related entities	Minimal impact expected
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2014	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

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

Standard name	Effective date for entity	Requirements	Impact
AASB 2010-4 / 2010-5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2012	Makes changes to a number of standards / interpretations including: - Clarification of the content of the statement of changes in equity - Financial instrument disclosures - Fair value of award credits	No impact expected.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	30 June 2012	Requires additional disclosures regarding for example, remaining risks where an entity has transferred a financial asset	No impact expected.
AASB 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence	30 June 2012	Collates the Australian specific disclosures into one Accounting Standard rather than including them within a number of different standards.	Little impact since most of the disclosures required by AASB 1054 are already included within the financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

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

Standard name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates. [These are expected to be released by the AASB in June / July].	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. AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11. Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.
AASB 13 Fair Value Measurement	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.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

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.

Valuations

Valuations of the vineyard properties have been provided by an independent valuer, Gaetjens Pickett Valuers. The valuation is provided on a "value-in-use" assumption as compared to sales of similar assets in the market. A discounted cash flow of the future economic benefits generated by each property is calculated in order to verify the valuation. The valuer then uses judgement to allocate the value over land, water assets and the vineyard including the vines and the infrastructure.

A judgement is made on how to allocate vineyard revaluation increments or decrements to either the biological assets or property plant and equipment. Information is provided by external valuation regarding the vineyard value per hectare which covers the vines and vineyard infrastructure. It is assumed that the value of the vineyard infrastructure, being the trellis, irrigation, shedding and other plant and equipment is at written down value. Therefore the remainder of the vineyard value per hectare is applied to the biological asset.

Valuation of Barossa infrastructure Limited (BIL) shares

The shares in BIL have been valued using the number of mega litres of water that the Group is entitled to under the BIL scheme as supported by an external valuation on an in use basis, as noted above. This basis has been used due to a lack of evidence of trading of BIL shares.

Allowance for Doubtful Debts

A provision has been made against an outstanding receivable as at 30 June 2011, the majority of which relates to 2010 harvest revenue. An amount of \$203,324 has been classified as doubtful and an allowance for that amount made against trade debtors accordingly.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

3 Going Concern

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

AWF is forecast to have a short term additional working capital requirement prior to the 2012 harvest. RFM intends to meet this requirement through working capital management and an overdraft facility, which will require bank approval. Additional debt of \$0.75m would increase AWF's gearing from the limit of 45% to 46.5% at the end of Q1 2012. Based on a normal growing and harvest season, proceeds from the 2012 vintage will allow repayment of the facility and gearing would fall below the limit in the following quarter.

AWF Cash Flow forecasts for 2012 and 2013 are based on a return to normal growing and harvest events and indicate a return to positive cash flows, growing year on year. Such cashflows will allow AWF to repay borrowings and bring gearing down to the required limit of 40% by June 2013. To reach this target the cash flow forecasts would need to be achieved and there be no further decrement in independent valuations of the vineyards and associated water assets.

Should AWF experience below average performance in yields or financial returns over the 2012 or 2013 financial years it may not have sufficient reserves to cover the operational expenditure for the following year or meeting the lower gearing limit. AWF would need to raise capital or negotiate to increase debt to remain as a going concern. Should AWF be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

4 Revenue

	2011	2010
	\$	\$
Sale of grapes	5,601,803	3,130,921
Rental revenue	-	336,513
Interest received	41,570	8,508
Total	5,643,373	3,475,942

5 Other income

Other income	7,400	-
Total	7,400	-

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Notes to the Financial Statements

For the Year Ended 30 June 2011

6 Business Combinations

On 28 February 2011, the Trust acquired a 100% interest of Agricultural Income Trust Fund 1 and resulted in RFM Australian Wine Fund obtaining control of Agricultural Income Trust Fund 1. This acquisition is expected to increase the Group's share of this market and reduce costs through economies of scale.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's carrying amount \$	Fair value \$
Purchase consideration:		
- Cash		-
- Equity instruments		11,260,099
Total purchase consideration		11,260,099
Assets or liabilities acquired:		
Cash	194,241	194,241
Trade and other receivables	337,626	337,626
Inventories	28,434	28,434
Other Assets	113,998	113,998
Plant and equipment	11,255,072	11,255,072
Biological assets - Current	2,392,939	2,392,939
- Non-current	6,059,033	6,059,033
Financial asset	84,620	84,620
Investments	1,466,265	1,466,265
Trade and other payables	(181,227)	(181,227)
Interest bearing liabilities	(10,868,619)	(10,868,619)
Provisions	(69,927)	(69,927)
Total net identifiable assets	10,812,455	10,812,455
Purchase consideration		11,260,099
Less: Identifiable assets acquired		10,812,455
Goodwill		447,646
Impairment		(447,646)
		-

Revenue of Agricultural Income Trust Fund 1 included in the consolidated revenue of the Group since the acquisition date on 28 February 2011 amounted to \$ 3,125,450 with a profit of \$ 32,408.

Had the results of Agricultural Income Trust Fund 1 been consolidated from 1 July 2010, revenue of the the Group would have been \$ 6,153,802 and consolidated loss would have been \$ (2,434,116) for the year ended 30 June 2011. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2010.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

7 Profit from Ordinary Activities

Expenses

	2011 \$	2010 \$
Finance Costs:		
External	911,936	654,280
Movement in value of interest rate swap derivative	58,083	24,758
Total finance costs	970,019	679,038
Depreciation and impairments:		
Depreciation - Property plant and equipment (Note 16)	287,254	183,842
Impairment of goodwill on business combination	447,646	-
Doubtful debt expense	69,429	-
Total depreciation and impairments	804,329	183,842

8 Auditor's Remuneration

- Auditing or reviewing the financial report	47,793	62,191
- Taxation and other services	14,776	2,991
Total	62,569	65,182

9 Income tax expense

(a) The major components of tax expense comprise:

Current tax	(336,829)	234,836
Originating and reversing temporary differences	(236,113)	(313,237)
Previously unrecognised deferred tax assets to reduce current tax expense	336,829	(234,836)
Adjustments in respect of deferred income tax of previous years	6	(8,581)
Derecognition of losses to offset temporary differences	298,378	321,818
Income tax expense reported in the income statement	62,271	-

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Notes to the Financial Statements

For the Year Ended 30 June 2011

9 Income tax expense (continued)

(b) Amounts charged or credited directly to equity

	2011	2010
	\$	\$
Capitalised issue costs	(62,271)	-
Total	(62,271)	-

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

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

Accounting loss before tax	(1,909,811)	(261,337)
At the statutory income tax rate of 30% (2010: 30%)	(572,943)	(78,401)
Adjustments in respect of current income tax of previous years	6	(8,581)
Derecognition of deferred tax assets	635,208	86,982
Total	62,271	-

(d) Franking credits

There are no franking credits accumulated available for future distributions.

10 Cash and Cash Equivalents

Cash at bank	2,179,584	1,597,685
	2,179,584	1,597,685

(a) Reconciliation of Cash

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

Cash and cash equivalents	2,179,584	1,597,685
	2,179,584	1,597,685

RFM Australian Wine Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2011

11 Trade and Other Receivables

	2011 \$	2010 \$
CURRENT		
Trade debtors	2,464,002	1,156,690
Provision for impairment	(203,324)	-
	2,260,678	1,156,690
Other debtors	23,316	15,113
Other receivables	8,808	8,605
	2,292,802	1,180,408

Trade debtors are non-interest bearing and reflect the outstanding balance of the harvest grape proceeds as per the various grape sales contracts with wineries. The majority of contracts require payments in three equal instalments of which the last payment is due at the end of September in each year.

A provision for impairment of receivables of \$203,324 has been made at 30 June 2011. The amount is in regard to the 2010 harvest and in the main relates to 1 winery. The winery continues to make regular payments.

12 Inventories

CURRENT

At Cost

Chemical stock on hand	59,490	2,214
	59,490	2,214

13 Financial Assets

(a) Held for Trading Derivative Financial Assets

Derivative financial assets	103,573	77,037
	103,573	77,037

Gains and losses arising from changes in net fair value of interest rate swaps are recognised in the statement of comprehensive income in the period in which they arise. Terms and conditions are detailed at Note 22.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

13 Financial Assets (continued)

(b) Available for Sale Financial Assets

	2011	2010
	\$	\$
Unlisted shares in Barossa Infrastructure Ltd - at fair value	1,466,265	-
	1,466,265	-

The shares in Barossa Infrastructure Limited have been derived from the valuation provided by Gaetjens Pickett Valuers at 30 June 2011. The valuation is provided on a "value-in-use" assumption as compared to sales of similar assets in the market. A discounted cash flow of the future economic benefits generated by each property is calculated in order to verify the valuation. The valuer then uses judgement to allocate the value over land, water assets and the vineyard including the vines and the infrastructure. The value of water assets for the Geier and Hahn properties is assigned to the value of the Barossa Infrastructure Limited shares that provide the right to high security water.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

14 Biological assets

	Vines Kleinig \$	Vines Rosebank \$	Vines Dohnt \$	Grapes on vine \$	Vines Adelaide Hills \$	Vines Geier \$	Vines Hahn \$	Total \$
Cost								
Opening balance 1 July 2010	3,392,686	347,229	565,332	128,613	-	-	-	4,433,860
Additions/purchases	-	-	-	167,140	-	-	-	167,140
Additions through business combinations	-	-	-	2,461,302	1,161,415	4,052,145	777,110	8,451,972
Movements in vines								
Increase / (Decrease) due to biological transformation	(153,361)	33,945	894	(235,503)	90,651	152,123	31,082	(80,169)
Decreases due to sales	-	-	-	(2,105,510)	-	-	-	(2,105,510)
	(153,361)	33,945	894	(2,341,013)	90,651	152,123	31,082	(2,185,679)
Balance at 30 June 2011	3,239,325	381,174	566,226	416,042	1,252,066	4,204,268	808,192	10,867,293
 Opening balance 1 July 2009	 4,444,603	 164,174	 663,363	 -	 -	 -	 -	 5,272,140
Additions/purchases	-	-	-	128,613	-	-	-	128,613
Revaluation	(1,051,917)	183,055	(98,031)	-	-	-	-	(966,893)
Balance at 30 June 2010	3,392,686	347,229	565,332	128,613	-	-	-	4,433,860

RFM Australian Wine Fund

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Notes to the Financial Statements

For the Year Ended 30 June 2011

14 Biological Assets (continued)

Analysis of Biological Assets

	2011	2010
	\$	\$
Current	416,042	128,613
Non-current	10,451,251	4,305,247
	10,867,293	4,433,860

Biological assets consist of grape vines and grapes on the vines. The Trust grows vines for the purpose of producing and selling winegrapes to wineries. Vineyards are located in South Australia and harvest occurs between February and April each year.

From May 2008, there was a change in the nature of the Trust's activities to become a lessor of vineyard properties and associated assets. On 4 September 2009, the leases were terminated and the Trust reverted to producing, harvesting and selling premium winegrapes.

At 30 June 2011, the Trust owned vines on 665.34 hectares of land (2010: 316.53 hectares). During the year ended 30 June 2011 the Trust harvested 3,599 tonnes of winegrapes.

The fair value less estimated point of sales costs of grape vines is determined by independent valuation by Gaetjens Pickett Valuers at balance date. Significant assumptions applied in this determination of fair value are:

Average remaining life of vines	>15 years	>15 years
Average annual yield per hectare of mature vineyards (tonnes/ha)	5.41	4.73
Pre tax average real rate at which net cashflows are discounted	15%	15%
Annual rate of inflation (costs)	3.0%	3.0%
Annual rate of grape price increases	2.0%	2.0%
Average grape prices/tonne (current year)	\$1,556	\$ 2,077
Average maintenance costs/hectare	\$7,400	\$ 7,200

Grape vines are pledged as security for interest bearing non-current loans as disclosed in Note 19.

AWF is exposed to financial risks in respect of agricultural activity. The agricultural activity of AWF consists of the management of vineyards to produce grapes for sale to wineries. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of grape vines and on harvesting grapes, and ultimately receiving cash from the sale of grapes to third parties. AWF's strategy to manage this financial risk is to actively review and manage its working capital requirements. In addition, AWF maintains credit facilities at a level sufficient to fund AWF's working capital during the period between cash expenditure and cash inflow.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

15 Other Assets

	2011	2010
	\$	\$
CURRENT		
Prepayments	217,218	21,180
TOTAL	217,218	21,180

16 Property Plant and Equipment

LAND, BUILDINGS AND IMPROVEMENTS

Freehold land at independent valuation

Kleinig	4,431,394	4,431,394
Rosebank	964,355	964,355
Dohnt	504,460	504,460
Adelaide Hills	1,468,852	-
Geier	4,712,406	-
Hahn	932,498	-
Buildings	222,354	-
Less accumulated depreciation	(22,203)	-
Total land and buildings	13,214,116	5,900,209

Improvements

At cost	1,228,939	1,088,664
Less accumulated depreciation	(368,827)	(322,194)
Total improvements	860,112	766,470

Total land, buildings and improvements	14,074,228	6,666,679
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PLANT AND EQUIPMENT

Trellis, irrigation system and shedding

At cost	8,553,678	3,417,357
Less accumulated depreciation	(2,849,084)	(920,844)
Total trellis, irrigation system and shedding	5,704,594	2,496,513

Plant and equipment

At cost	941,774	76,688
Less accumulated depreciation	(650,912)	(43,424)
Total plant and equipment	290,862	33,264

Motor vehicles

At cost	253,177	-
Less accumulated depreciation	(127,085)	-
Total motor vehicles	126,092	-

Total property, plant and equipment	20,195,776	9,196,456
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Notes to the Financial Statements

For the Year Ended 30 June 2011

16 Property Plant and Equipment (continued) (a) Movements in Carrying Amounts

	Land and buildings \$	Improvements and infrastructure \$	Trellis, irrigation & shedding \$	Plant and equipment \$	Motor Vehicles \$	Total \$
Current Year						
Balance at the beginning of the year	\$ 5,900,209	\$ 766,470	\$ 2,496,513	\$ 33,264	\$ -	\$ 9,196,456
Additions	-	-	-	-	31,500	31,500
Additions through acquisition of entity	7,315,837	137,839	3,417,731	285,394	98,273	11,255,074
Depreciation	(1,930)	(44,197)	(209,650)	(27,796)	(3,681)	(287,254)
Balance at 30 June 2011	\$ 13,214,116	\$ 860,112	\$ 5,704,594	\$ 290,862	\$ 126,092	\$ 20,195,776
Prior Year						
Balance at the beginning of the year	\$ 5,900,209	\$ 810,607	\$ 2,635,211	\$ 34,271	\$ -	\$ 9,380,298
Depreciation expense	-	(44,137)	(138,698)	(1,007)	-	(183,842)
Balance at 30 June 2010	\$ 5,900,209	\$ 766,470	\$ 2,496,513	\$ 33,264	\$ -	\$ 9,196,456

An independent valuation was performed for the revaluation of vineyard assets as at 30 June 2011 by Gaetjens Pickett Valuers.

For the basis and assumptions of the valuation refer to Biological Assets Note 14.

The carrying value of land if it had been carried under the cost model would be \$18,756,398.

There are no restrictions on distributions from the asset revaluation reserve.

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For the Year Ended 30 June 2011

17 Intangible assets

	2011	2010
	\$	\$
Water licences	81,613	81,567
Total	81,613	81,567

The intangible asset represents the value of a 130ML water licence with Grampians Wimmera Mallee Water Authority which is currently utilised for irrigating the Rosebank vineyard at Grampians, Victoria. An external valuation was obtained from Gaetjens Picketts Valuer in June 2011 on an unencumbered basis.

18 Trade and Other Payables

CURRENT

Unsecured liabilities		
Trade payables	468,132	291,992
Sundry payables and accrued expenses	36,062	34,634
	504,194	326,626

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

19 Interest Bearing Liabilities

CURRENT

Secured liabilities

Finance lease obligation	67,930	-
Bank loans	-	300,000
	67,930	300,000

NON-CURRENT

Secured liabilities

Finance lease obligation	119,751	-
Bills of Exchange	14,000,000	8,543,623
	14,119,751	8,543,623

(a) Total current and non-current secured liabilities

Finance lease obligation	187,681	-
Bills of Exchange	14,000,000	8,843,623
	14,187,681	8,843,623

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Notes to the Financial Statements

For the Year Ended 30 June 2011

19 Interest Bearing Liabilities (continued)

(a) Total current and non-current secured liabilities (continued)

The loan is secured by:

- A fixed and floating charge over the assets and undertakings of Rural Funds Management Limited as responsible entity for AWF;
- Guarantee and Indemnity from Rural Funds Management Limited as responsible entity for the AIT, supported by:
 - A fixed and floating charge over the assets and undertakings of Rural Funds Management Limited as responsible entity for AIT;
- Guarantee and Indemnity from Australian Executor Trustees Limited as custodian for the AWF, supported by:
 - A registered first mortgage from Australian Executor Trustees Limited as custodian for the AWF over Kleinig, Rosebank and Dohnt vineyards; and
 - A fixed and floating charge over the assets and undertakings of Australian Executor Trustees Limited as custodian for AWF;
- Guarantee and Indemnity from Australian Executor Trustees Limited as custodian for the AIT, supported by:
 - A registered first mortgage from Australian Executor Trustees Limited as custodian for the AIT over Geier, Hahn, Mundy and Murphy vineyards; and
 - A fixed and floating charge over the assets and undertakings of Australian Executor Trustees Limited as custodian for AIT;
- A registered charge over any water right, licence, allocation or entitlement situation on or benefitting the vineyards held as security.

The bills of exchange are accepted and discounted at the National Australia Bank's floating rate plus a facility fee of 2%.

The covenants within the bank borrowings require the maintaining of a maximum gearing ratio of 45% up to 30 June 2013 and thereafter to be 40%.

The loan facility expires on 31 May 2026.

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

	2011	2010
	\$	\$
Floating charge over assets including listed investments at market value	31,800,000	13,550,005
	31,800,000	13,550,005

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Notes to the Financial Statements

For the Year Ended 30 June 2011

20 Provisions

	2011 \$	2010 \$
CURRENT		
Employee entitlements	73,337	3,696
Total	73,337	3,696
NON-CURRENT		
Employee entitlements	25,898	12,003
Total	25,898	12,003

21 Deferred Tax

(a) Deferred Tax Liabilities

Biological assets	3,022,788	1,288,408
Derivatives	31,072	23,111
Fair-valued land and buildings (including depreciation)	497,767	249,211
Accelerated depreciation - property, plant and equipment	1,460,392	612,080
Investments	131,957	-
Equity raising costs	(12,231)	-
Gross deferred tax liabilities	5,131,745	2,172,810
Set-off of deferred tax assets	(5,131,745)	(2,172,810)
Net deferred tax liabilities	-	-

(b) Deferred Tax Assets

Accruals	29,159	7,423
Provisions	29,771	4,709
Doubtful debts	60,997	-
Equity raising costs	49,817	-
Unused income tax losses	8,777,587	3,338,238
Gross deferred tax assets	8,947,331	3,350,370
Set-off of deferred tax liabilities	(5,131,745)	(2,172,810)
Unrecognised deferred tax assets	(3,815,586)	(1,177,560)
Net deferred tax assets	-	-

(c) Deferred tax assets not brought to account

The group has Australian tax losses for which no deferred tax asset is recognised on the balance sheet of \$12,718,621 (2010: \$3,925,200) which are available indefinitely for offset against future taxable income and capital gains tax subject to continuing to meet relevant statutory tests.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

(c) Deferred tax assets not brought to account (continued)

These trusts are considered to be non-fixed trusts and are able to satisfy the non fixed trust loss requirements. There is however uncertainty over the treatment of managed investment trusts and proposed changes to the legislation that may result in all MIT's being classified as fixed trusts. If this eventuates the AIT losses may still pass the relevant loss recoupment rules but the AWF (UPVF) losses will be lost.

22 Financial instruments

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 counterparty, or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

22 Financial instruments (continued)

(a) 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. AWF 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 2011, none of the Group's debt is fixed, excluding the impact of interest rate swap contracts. If interest rate swaps are taken into consideration then 89% 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:

	2011	2010
	\$	\$
Cash	2,179,584	1,597,685
Bills of exchange	(14,000,000)	(8,843,623)
	(11,820,416)	(7,245,938)

(b) 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 Group has an internal policy of a loan to valuation ratio which is not to exceed 45% of the fair market value of the owned properties.

The Responsible Entity of the Trust defines capital as unitholders' funds plus 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.

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

(c) Credit Risk

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

In respect of the parent entity, credit risk also incorporates the exposure of the Group to the liabilities of all members of the closed group under the deed of cross guarantee.

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

As disclosed in Note 27, the Trust has significant customers and has credit risk to these customers at year end. While the Group has no historic experience of significant losses associated with these customers, one customer is noted as being regularly outside its trading terms. Along with consideration of other amounts outstanding outside trading terms a provision of \$203,324 has been made.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

22 Financial instruments (continued)

(d) Sensitivity analysis

The Group 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.

(e) Interest Rate Swaps held for trading

Interest rate swap transactions are 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 89% 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	
	2011	2010	2011	2010
	%	%	\$	\$
Settlement				
Less than 1 year	4.23	-	6,500,000	-
1 to 2 years	-	4.23	-	3,500,000
2 to 5 years	4.56	4.56	6,000,000	3,000,000
			12,500,000	6,500,000

The net gain/(loss) recognised on the swap derivative instruments for the year ended 30 June 2011 was \$(58,083) loss (2010: \$24,758 loss).

(f) Net fair value

The only financial asset or liability which differs between fair and carrying values is in regard to lease and hire purchase liabilities. The carrying value of lease and hire purchase liabilities at 30 June 2011 closely approximates the net fair value as these liabilities are due to be paid out in just over 12 months.

The fixed interest rates range between 5.0% and 8.2% (2010: 5.0% and 8.2%).

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Notes to the Financial Statements

For the Year Ended 30 June 2011

22 Financial instruments (continued)

(g) Sensitivity analysis - Interest rate risk

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate on borrowings net of the effect of interest rate swaps, with all other variables remaining constant would be as follows:

	2011	2010
	\$	\$
Change in profit		
- Increase in interest rate by 1%	(15,000)	(23,436)
- Decrease in interest rate by 1%	15,000	23,436
Change in equity		
- Increase in interest rate by 1%	(15,000)	(23,436)
- Decrease in interest rate by 1%	15,000	23,436

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Notes to the Financial Statements

For the Year Ended 30 June 2011

22 Financial instruments (continued)

(h) Maturity analysis

Maturity analysis of financial liabilities based on contractual maturity. The table below reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2011.

The amounts disclosed in the table are the contractual undiscounted cash flows, except for IR Swaps where the cash flows have been estimated using interest rates applicable at the reporting date.

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

	Less than 1 year		1-3 years		3-5 years		> 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	2,179,584	1,597,685	-	-	-	-	-	-	2,179,584	1,597,685
Receivables	2,292,802	1,180,408	-	-	-	-	-	-	2,292,802	1,180,408
Interest rate swaps	103,573	77,037	71,381	-	-	-	-	-	174,954	77,037
Total Financial Assets	4,575,959	2,855,130	71,381	-	-	-	-	-	4,647,340	2,855,130
Financial Liabilities:										
Bank loans	-	985,380	-	1,462,637	-	1,301,012	-	9,913,846	-	13,662,875
Bills of exchange	1,097,600	-	2,195,200	-	2,195,200	-	24,240,608	-	29,728,608	-
Trade and sundry payables	504,194	326,626	-	-	-	-	-	-	504,194	326,626
Finance lease	67,930	-	119,751	-	-	-	-	-	187,681	-
Total Financial Liabilities	1,669,724	1,312,006	2,314,951	1,462,637	2,195,200	1,301,012	24,240,608	9,913,846	30,420,483	13,989,501

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Notes to the Financial Statements

For the Year Ended 30 June 2011

23 Leasing Commitments

Finance Lease and Hire Purchase Commitments

	2011	2010
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	67,930	-
- between 1 year and 5 years	119,751	-
Present value of minimum lease payments	187,681	-
Net carrying value of assets under lease and hire purchase	-	-
Plant and equipment	346,203	-
Total	346,203	-

The leasing and hire purchase arrangements of AWF are via a leasing/asset purchase line facility to a limit of \$500,000. Each individual lease agreement provides for an option to purchase the asset at the termination of the lease for a specified value. There are no contingent rent, escalation clauses or other restrictions in relation to any lease or hire purchase transaction.

24 Issued units

	2011	2010
	No.	No.
Units on issue at the beginning of the financial year	13,635,642	13,603,006
Units issued during the financial year	49,310	32,636
Subscribed for under the rights issue	36,107,587	-
Units exchange for AIT units under the merger with AIT	20,691,103	-
Units on issue at the end of the financial year	70,483,642	13,635,642

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 \$0.3232 (2010: \$0.5492) representing \$22,780,313 (2010: \$7,488,695).

25 Key Management Personnel Compensation

(a) Details of Key Management Personnel - Directors

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

David Bryant

Guy Paynter

Michael Carroll

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Notes to the Financial Statements

For the Year Ended 30 June 2011

25 Key Management Personnel Compensation (continued)

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

Application Fee – 3% of the value of each application for units in the Trust.

Management Fee – 0.8% per annum of the value of group assets for the period July 2010 to June 2011. Net monthly value is defined as gross assets less any investments in RFM managed entities. Up to one third of this fee is paid to licensed security dealers as a service fee. This service fee is up to 0.75% of the issued value of subscribed units.

Asset Management Fee - 5% of annual operating expenses of the farming property calculated on a monthly basis applicable from April 2010.

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 Trust are payable or reimbursable 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.

The following remuneration details have been disclosed based on the cost recovery charged to the Trust.

	2011	2010
	\$	\$
D Bryant	53,580	19,744
A Lemmon	70,997	1,215
S Waight	54,303	25,486
D Murdock	186,581	11,237
Total	365,461	57,682

Fees paid to RFM, the Responsible Entity, are disclosed in Note 26.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

26 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)

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

	2011	2010
	\$	\$
Management fee	189,780	245,984
Asset management fee	150,826	23,208
Total management fees - RFM	340,606	269,192
Expenses reimbursed to RFM	871,831	491,218
Total	1,212,437	760,410
Debtors		
RFM	-	15,113
RFM Diversified Agricultural Fund	544	-
Total	544	15,113
Creditors		
RFM	399,907	269,188
Agricultural Income Trust Fund 1	-	637
RFM Farming Pty Ltd	2,250	-
Total	402,157	269,825

(b) Custodian fees

The custodian fee is a fixed annual fee. On 18 February 2010 the custodian was changed to Australian Executor Trustees Limited.

AETL	9,154	-
BNY	-	3,750

(c) Entities with influence over the trust

	Units Held	%
DAF	24,346,613	34.54
RFM	200	-

The units held by DAF at 30 June 2011 were 24,346,613 (2010: 5,346,613) representing a 34.54% (2010: 39.2%) holding in the Trust.

27 Economic Dependence

AWF has grape growing agreements with a number of recognised wineries. 76% of the Trust's grape revenue comes from contracts with Treasury Wine Estates. Therefore the fund may be economically dependent on Treasury Wine Estates, depending on market circumstances.

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Notes to the Financial Statements

For the Year Ended 30 June 2011

28 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2011	2010
	\$	\$
Net income/loss for the period	(1,972,080)	(261,337)
Non-cash flows in profit		
Depreciation	287,254	183,842
Goodwill impairment	447,644	966,896
Unrealised loss on interest rate swaps	58,083	24,758
Debtor impairment	69,428	-
Income tax benefit offset by corresponding deferred tax liability in asset revaluation reserve/issued units	62,271	-
changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(899,676)	(780,841)
(Increase)/decrease in prepayments	(82,040)	(1,087)
(Increase)/decrease in inventories	(28,841)	(2,214)
(increase)/decrease in short term biological assets	2,185,679	(128,613)
Increase/(decrease) in trade payables and accruals	51,822	(271,434)
Increase/(decrease) in unearned income	-	(336,512)
Increase/(decrease) in provisions	13,610	15,699
Net cashflow from/(used) in operating activities	193,154	(590,843)

The Group has a loan facility amounting to \$16,000,000 (2010: \$8,850,000). At 30 June 2011 \$14,000,000 of the bill facility was used (2010: \$8,843,623).

The facility expires on 31 May 2026.

The Group has a leasing facility amounting to \$500,000 (2010: \$500,000). At 30 June 2011 \$187,681 of the leasing facility was used (2010: \$0).

During the year ended 30 June 2011, NAB repaid \$187,681 to release the lease from BankSA and took over the new lease.

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Notes to the Financial Statements

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29 Controlled Entities

	Percentage Owned (%)*	Percentage Owned (%)*
	2011	2010
Subsidiaries of parent entity:		
Agricultural Income Trust Fund 1	100	-

On 28 February 2011 as part of a merger transaction, AIT unitholders relinquished their AIT units and were issued with 1 AWF unit for every 1.0235 AIT units held. The AIT continues to exist as an entity, however all AIT units are wholly owned by the AWF. RFM is the Responsible Entity of AIT.

30 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.

	2011 \$	2010 \$
Statement of Financial Position		
Assets		
Current Assets	10,588,619	2,930,100
Non-current assets	26,501,194	13,660,308
Total Assets	37,089,813	16,590,408
Liabilities		
Current liabilities	431,708	630,322
Non-current liabilities	14,018,010	8,555,626
Total Liabilities (excluding net assets attributable to unit holders)	14,449,718	9,185,948
Issued Units	31,347,648	14,107,519
Asset Revaluation Reserve	1,412,192	1,412,192
Accumulated Losses	(10,119,745)	(8,115,251)
Net assets attributable to unitholders	22,640,095	7,404,460
Total Liabilities	37,089,813	16,590,408
Statement of Comprehensive Income		
Total loss for the year	(2,004,488)	(261,335)
Other comprehensive income	-	-
Total comprehensive income	(2,004,488)	(261,335)

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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: 29 September 2011

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