

**COWRA CROSSING
VINEYARD PROJECT
AND PROPERTY TRUST
ARSN 099 233 271**

**Report on the Project at
30 June 2005**

**Managed by
Blaxland Vineyards Limited
ACN 067 514 792**

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

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COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

RESPONSIBLE ENTITY'S REPORT - PROJECT

Blaxland Vineyards Limited (the Responsible Entity) submits the Financial Statements of the Project for the year ended 30 June 2005. The following persons held offices as directors of the Responsible Entity at the date of this report, and at all times during and since the end of the financial year unless otherwise stated.

Neil R. MacKenzie (Chairman)
Ronald M. Collins
Philip J. Slee
Robert J. Gibson

Financial Highlights

The Project continued its operation under the new fixed arrangement with McGuigan Simeon Wines Limited for the year ended 30 June 2005. This formula will continue to the end of the initial project in June 2008 with both income and costs to be increased by 2% each year. This year total revenue from the crop amounted to \$1,027,915 (2004: \$1,007,760). Profit available for distribution after payment of costs for 2005 came to \$351,647 (2004: \$425,556).

Review of Operations

The vineyard had another productive year, with a crop in excess of 1000 tonnes. Reports are carried out by independent viticultural experts and these are referred to McGuigan Simeon Wines Limited for action where necessary. Our consultant viticulturist is currently monitoring the trellis and vine layout, with emphasis on pruning requirements.

Principal Activity

The principal activity of the Project is to grow and market grapes.

No significant change in the nature of these activities occurred during the year.

Distributions Paid

The distribution payable in relation to the 2005 crop amounted to \$281,909 (2004: \$331,625). These funds were paid to growers in June 2005. The decrease in the amount available for distribution resulted from the introduction of GST to the project costs, after a five year exemption. This additional cost of \$67,817 will be claimable by those Growers registered for GST and tax deductible to others.

Significant Changes in the State of the Affairs

There was no significant change in the state of the Project's affairs during the year.

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

RESPONSIBLE ENTITY'S REPORT – PROJECT

After Balance Date Events

At the date of this report there is no other matter of circumstance which has arisen since 30 June 2005 that has significantly affected or may significantly affect:

- the operations of the Project
- the results of those operations; or
- the state of affairs of the Project in subsequent financial years

Likely Developments

There are no developments or changes to the current position and arrangements for running the vineyard. The financial result anticipated for 2006 should be similar to the 2005 result.

Environmental Regulation

The Project's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Options

No options over unissued interests in the Project were granted during or since the end of the year and there were no options outstanding at the date of this report.

Interests Issued

No grower interests were issued during the year. There were eleven interests held by the responsible entity or its associates at the end of the financial year. There were no withdrawals from the scheme during the year. There were 360 growers interests in the Project at the end of the financial year.

Fees Paid to the Responsible Entity

During the financial period \$676,134 (2004: \$582,204) was paid to Blaxland Vineyards Limited as fees to manage the vineyard and operate the Project. The total cost of the Project for the financial period to 30 June 2004 was met from these funds as set out in the Prospectus.

Indemnification of Officers and Auditors

The Responsible Entity under its Articles of Association agrees to indemnify every director and officer of the Responsible Entity against liability incurred as a director or officer to the extent permitted by the Corporations Law.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

RESPONSIBLE ENTITY'S REPORT – PROJECT

The Responsible Entity also agreed to indemnify every director, secretary, auditor and other officer of the responsible entity against any liability incurred in defending any legal proceedings.

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the year.

Signed in accordance with the resolution of the Board of Directors of the Responsible Entity.

Ronald M. Collins
Director

Philip J. Slee
Director

Dated: 23 September 2005

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

AUDITOR'S INDEPENDENCE DECLARATION

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

DIRECTORS' DECLARATION - PROJECT

The directors of the Responsible Entity declare that:

1. The financial statements and notes of the Cowra Crossing Vineyard Project are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and performance for the year ended on that date of the Project.
2. In the directors' opinion there are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director
Ronald M. Collins

Director
Philip J. Slee

Dated: 23 September 2005

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE - PROJECT
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	1,027,915	1,007,760
Expenses from ordinary activities	3	(676,268)	(582,204)
Profit from ordinary activities before income tax expense		351,647	425,556
Income tax expense relating to ordinary activities	1	-	-
Profit from ordinary activities after income tax expense		351,647	425,556
Distribution to growers	4	(281,909)	(331,625)
Increase/(Decrease) in equity		69,738	93,931

The accompanying notes form part of these financial statements.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF FINANCIAL POSITION - PROJECT
AS AT 30 JUNE 2005**

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets		2,312	2,794
Receivables	5	-	1,007,760
Other	6	746,006	638,344
TOTAL CURRENT ASSETS		<u>748,318</u>	<u>1,648,898</u>
TOTAL ASSETS		<u>748,318</u>	<u>1,648,898</u>
CURRENT LIABILITIES			
Payables	7	3,052	973,370
TOTAL CURRENT LIABILITIES		<u>3,052</u>	<u>973,370</u>
TOTAL LIABILITIES		<u>3,052</u>	<u>973,370</u>
NET ASSETS		<u>745,266</u>	<u>675,528</u>
EQUITY			
Growers' Equity	4	<u>745,266</u>	<u>675,528</u>

The statement of financial position should be read in conjunction with the accompanying notes.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF CASH FLOWS - PROJECT
AS AT 30 JUNE 2005**

	2005	2004
Note	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,035,675	-
Payment to suppliers	(1,422,623)	(67,108)
Net cash provided by (used in) operating activities	613,052	(67,108)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments to investors	(613,534)	-
Net cash provided by (used in) financing activities	(613,534)	-
Net (decrease) increase in cash held	(482)	(67,108)
Cash at Beginning of Financial Year	2,794	69,902
Cash at end of year	2,312	2,794

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	2,312	2,794
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Reconciliation of cash flows from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	351,647	425,556
(Increase)/decrease in current receivables	1,007,760	(1,007,760)
(Increase)/decrease in current prepayments	(107,662)	(56,686)
Increase/(decrease) in current payables	(638,693)	903,407
Profit distributed to Growers	-	(331,625)
Cash flows from operations	613,052	(67,108)

The accompanying notes form part of these financial statements

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - PROJECT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Accounting Standards have been consistently applied unless otherwise stated. The following specific policies have been applied consistently unless otherwise stated:

(a) Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention, except for certain assets which are at current valuation. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

(b) Income and expenditure recognition

Income and expenditure belong to the individual growers.

Income is recognised by the project when the goods are provided. Expenditure is not recognised by the project until the project starts generating income. Once income is generated, all expenses are recorded in the project accounts as they are incurred.

(c) Income Tax

The Project is not a taxable entity under the Income Tax Assessment Act 1936.

(d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(e) Non-current investments

Non-current investments are brought to account at cost or at directors' valuation. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Where the cost exceeds the recoverable amount, the investment has been written down to this recoverable amount. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts except where stated.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS -
PROJECT**

(f) Trade and other creditors

These amounts represent liabilities for services provided to the economic entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Adoption of Australian Equivalents to International Financial Reporting Standards

The Australian equivalents of IFRS have now become effective with financial statements to become compliant in the year ending 30 June 2006. The directors are of the opinion that no significant differences in the entity's accounting policies will arise from the adoption of the IFRS than if the financial statements were prepared using the current Australian Generally Accepted Accounting Principles which continued to apply until 30 June 2005.

	2005	2004
	\$	\$
2. REVENUE		
Operating activities		
- grape sales	1,027,915	1,007,760
Total Revenue	1,027,915	1,007,760
3. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
Vineyard Maintenance Fee	676,134	581,596
Other	134	608
	676,268	582,204

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS -
PROJECT**

	2005	2004
	\$	\$
4. GROWERS' EQUITY		
Opening Balance	675,528	581,597
Net Profit available to Growers	351,647	425,556
Distribution to Growers	(281,909)	(331,625)
Closing Balance	745,266	675,528
5. RECEIVABLES		
Current		
McGuigan Simeon Wines Limited	-	1,007,760
6. OTHER CURRENT ASSETS		
Prepaid Vineyard Maintenance Fees	703,605	638,344
Prepaid Licence Fees	42,402	-
	746,007	638,344
7. PAYABLES		
Current		
Blaxland Vineyards Limited	-	638,693
Grower distributions payable	3,052	334,677
	3,052	973,370

8. SEGMENT REPORTING

The Project operates in the viticultural industry of Australia.

9. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Project's exposure to interest rate risk, which is the risk that a financial instrument value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2005	2004	2005	2004
	%	%	\$	\$
Financial Assets				
Cash	-	-	2,312	2,794

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2005 to recognised financial assets is the carrying amount of those

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - PROJECT

assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The Project does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Project.

Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Project intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

10. THE PROJECT AND PROPERTY TRUST

The Cowra Crossing Vineyard Project and Property Trust (ARSN 099 233 271) is a Managed Investment Scheme for which the Responsible Entity is Blaxland Vineyards Limited.

11. THE RESPONSIBLE ENTITY

The Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792) of 493 High Street, Maitland, NSW, 2320.

**INDEPENDENT AUDIT REPORT
TO THE TRUSTEES OF
COWRA CROSSING VINEYARD PROJECT**

Scope

We have audited the financial statements, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements of The Cowra Crossing Vineyard Project for the year ended 30 June 2005. The directors of the Responsible Entity are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Responsible Entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the project's financial position, the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Cowra Crossing Vineyard Project is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the project's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) Other mandatory professional reporting requirements in Australia

PRITCHARD ADAMS
Chartered Accountants
Sydney:

R E Mayberry
Partner

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

RESPONSIBLE ENTITY'S REPORT – PROPERTY TRUST

Blaxland Vineyards Limited (the Responsible Entity) submits the Financial Statements of the Trust for the year ended 30 June 2005. The following persons held office as directors of the Responsible Entity at the date of this report and at all times during or since the end of the financial year unless otherwise stated.

Neil R. MacKenzie (Chairman)
Ronald M. Collins
Philip J. Slee
Robert J. Gibson

Financial Highlights

The Trust recorded a distributable profit of \$27,593 (2004: profit \$39,961) for the year.

Report by the Responsible Entity on the Operations of the Trust

The principal activity of the Cowra Crossing Property Trust for the year ended 30 June 2005 was the ownership of the Cowra Crossing Property. The property continues to be held to earn income for the term of the Trust being 12 years from 30 June 1996.

The Trust has no borrowings.

The Trustee continues to lease the property to Vineyard Management Pty Limited at an annual rent of 3.75% of the value of the previous years crop. Vineyard Management Pty Limited is a company associated with the Manager. Vineyard Management Pty Limited leases the property to growers for the same annual fee.

Principal Activity

The principal activity of the Trust is to own and lease the vineyard to Growers associated with unit holders.

No significant change in the nature of these activities occurred during the year.

Distribution

Distributions totalling \$27,593 were paid to unitholders in June 2005 from profits earned in 2005. Unitholders received approximately \$0.045 per unit held. At June 2004, \$39,961 was declared as distributions payable.

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

RESPONSIBLE ENTITY'S REPORT – PROPERTY TRUST

Significant Changes in the State of the Affairs

There was no significant change in the state of the Trust's affairs during the year.

Matters Subsequent to the End of the Period

At the date of this report there is no other matter or circumstance which has arisen since 30 June 2005 that has significantly affected or may significantly affect:

- a) the operations, in financial years subsequent to 30 June 2005, of the economic entity constituted by the Cowra Crossing Property Trust;
- b) the results of those operations; or
- c) the state of affairs, in financial years subsequent to 30 June 2005, of that economic entity.

Likely Developments

There are no developments or changes to the current position and arrangements for running the vineyard. The financial result anticipated for 2006 should be similar to the 2005 result.

Environmental Regulation

The project's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Options

No options over unissued interests in the project were granted during or since the end of the year and there were no options outstanding at the date of this report.

Interests Issued

There were no units issued in the Trust during the financial year. There were 132,300 units held by the responsible entity or its associates at the end of the financial year. There were no withdrawals from the scheme during the year. At the 30 June 2005 there were 607,500 units issued in the Trust.

Fees Paid to the Responsible Entity

No fees were paid to Blaxland Vineyards Limited as fees to operate and manage the Trust during the year.

Indemnification of Officers and Auditors

The Responsible Entity under its Articles of Association agrees to indemnify every director and officer of the Responsible Entity against liability incurred as a director or officer to the extent permitted by the Corporations Law.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

RESPONSIBLE ENTITY'S REPORT – PROPERTY TRUST

The Responsible Entity also agreed to indemnify every director, secretary, auditor and other officer of the Responsible Entity against any liability incurred in defending any legal proceedings.

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the year.

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

Ronald M. Collins
Director

Dated: 23 September 2005

Philip J. Slee
Director

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

AUDITOR'S INDEPENDENCE DECLARATION

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

DIRECTORS' DECLARATION – PROPERTY TRUST

The directors of the Blaxland Vineyards Limited, the Responsible Entity for Cowra Crossing Property Trust, declare that:

1. The financial statements and notes of the Cowra Crossing Property Trust are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and performance for the year ended on that date of the Trust;
2. In the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Ronald M. Collins

Director
Philip J. Slee

Dated: 23 September 2005

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE – PROPERTY TRUST
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	38,272	37,050
Expenses from ordinary activities	3	(10,679)	2,911
Profit from ordinary activities before income tax expense		27,593	39,961
Income tax expense relating to ordinary activities	1	-	-
Profit from ordinary activities after income tax expense		27,593	39,961
Distribution to members		(27,593)	(39,961)
Increase/Decrease in equity		-	-

The accompanying notes form part of these financial statements

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF FINANCIAL POSITION – PROPERTY TRUST
AS AT 30 JUNE 2005**

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	4	8,765	49,717
Receivables	5	426	370
Other	6	325	-
TOTAL CURRENT ASSETS		<u>9,516</u>	<u>50,087</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	494,320	494,320
TOTAL NON-CURRENT ASSETS		<u>494,320</u>	<u>494,320</u>
TOTAL ASSETS		<u>503,836</u>	<u>544,407</u>
CURRENT LIABILITIES			
Payables	8	3,302	43,873
TOTAL CURRENT LIABILITIES		<u>3,302</u>	<u>43,873</u>
TOTAL LIABILITIES		<u>3,301</u>	<u>43,873</u>
NET ASSETS		<u>500,534</u>	<u>500,534</u>
EQUITY			
Contributed equity	9	487,314	487,314
Reserves	10	13,220	13,220
Retained Profits		-	-
TOTAL EQUITY		<u>500,534</u>	<u>500,534</u>

The accompanying notes form part of these financial statements

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**STATEMENT OF CASH FLOWS – PROPERTY TRUST
AS AT 30 JUNE 2005**

	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	37,791	37,050
Payment to suppliers	(12,040)	(10,870)
Interest received	481	-
Net cash provided by (used in) operating activities	26,232	26,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from repayment of loans to related entities	370	22,251
Distributions to members	(67,554)	
Unit subscription	-	357
Net cash provided by (used in) financing activities	(67,184)	22,608
Net increase (decrease) in cash held	(40,952)	48,788
Cash at Beginning of Financial Year	49,717	929
Cash at end of year	8,765	49,717

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at Bank	8,765	49,717
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Reconciliation of cash flows from operations with profit from ordinary activities after income tax

Profit/(loss) from ordinary activities after income tax	27,593	39,961
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(426)	37,050
(Increase)/Decrease in other current assets	(325)	-
Increase/(Decrease) in payables	(610)	(13,781)
Increase/(Decrease) in unearned income	-	(37,050)
Cash flows from operations	26,232	26,180

The accompanying notes form part of these financial statements

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS – PROPERTY TRUST

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

Income Tax

Under current income tax legislation, the Trust is not liable to income tax provided its taxable income is fully distributed to unitholders.

Real Property

Any real property purchased by the Trust is brought to account at cost. All real property at the Trust must be valued at intervals of not less than three years and the Trustee may arrange to have any real property valued at any time if it or the manager considers it is in the interests of the unitholders. Any real property must be re-valued in the accounts of the Trust in accordance with any valuation undertaken unless the Trustee believes the valuation should not be adopted.

In accordance with these requirements, the vineyard was revalued in November 2003. The property inclusive of the land on an unimproved basis and buildings was valued at \$494,320 (\$481,100 at cost). The revaluation has been taken up in the accounts by crediting a revaluation reserve with \$13,220.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net bank overdrafts.

Revenue

Rental income is brought to account on an accruals basis.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS –
PROPERTY TRUST**

Accounts Payable

These amounts represent liabilities for services provided to the economic entity prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Adoption of Australian Equivalents to International Financial Reporting Standards

The Australian equivalents of IFRS have now become effective with financial statements to become compliant in the year ending 30 June 2006. The directors are of the opinion that no significant differences in the entity's accounting policies will arise from the adoption of the IFRS than if the financial statements were prepared using the current Australian Generally Accepted Accounting Principles which continued to apply until 30 June 2005.

	2005	2004
	\$	\$
2. REVENUE		
Operating activities		
- rent	37,791	37,050
- interest	481	-
Total revenue	38,272	37,050
3. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
Expenses:		
Remuneration of auditor		
- audit or review	5,900	4,900
4. CASH ASSETS		
Cash in Trust bank account	8,765	49,717

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS -
PROPERTY TRUST**

	2005	2004
	\$	\$
5. RECEIVABLES		
Current		
Blaxland Vineyards Limited	-	370
GST receivable	426	-
	426	370
6. OTHER CURRENT ASSETS		
Prepayments	325	-
	325	-
7. PROPERTY, PLANT AND EQUIPMENT		
Freehold land – at cost	481,100	481,100
Revaluation increment	13,320	13,320
Total property, plant and equipment	494,320	494,320
8. PAYABLES		
Current		
Other creditors	3,302	3,912
Distribution payable	-	39,961
	3,302	43,873
9. CONTRIBUTED EQUITY		
Fully paid units of the Trust		
Balance at the beginning of the year	487,314	486,957
Issue 35,680 units at 1 cent (fully paid)	-	357
Balance at end of financial year	487,314	487,314
Current year profit	-	-
	487,314	487,314
10. RESERVES		
Opening balance	13,220	-
Revaluation of land	-	13,220
Closing balance	13,220	13,220

11. RELATED PARTY TRANSACTIONS

1. The Trust has leased the Cowra Crossing property for 12 years to Vineyard Management Pty Ltd, a company related to the Manager of the Trust.
2. The Responsible Entity holds 132,300 (2004: 132,300) units in the Trust.

12. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

**COWRA CROSSING VINEYARD PROJECT
AND PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS -
PROPERTY TRUST**

13. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Trust's exposure to interest rate risk, which is the risk that a financial instrument value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2005	2004	2005	2004
	%	%	\$	\$
Financial Assets				
Cash at bank	1.6%	-	8,765	49,717

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2004 to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

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

Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Trust intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

14. THE TRUST

The Cowra Crossing Vineyard Project and Property Trust (ARSN 099 233 271) is a Managed Investment Scheme for which the responsible entity is Blaxland Vineyards Limited.

The constitution of the above Trust replaces The Cowra Crossing Property Trust Deed which was constituted under a Trust Deed dated 6 May 1996. The Trust has a fixed term of 12 years from the original date.

15. THE CUSTODIAN

The Custodian is Blaxland Vineyards Limited (ABN 61 067 514 792) of 493 High Street, Maitland, NSW, 2320.

**INDEPENDENT AUDIT REPORT
TO THE TRUSTEES OF
COWRA CROSSING PROPERTY TRUST**

We have audited the financial statements, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements of Cowra Crossing Property Trust for the year ended 30 June 2005. The directors of the Responsible Entity are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Responsible Entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the project's financial position, the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Cowra Crossing Property Trust is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the trust's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) Other mandatory professional reporting requirements in Australia

PRITCHARD ADAMS
Chartered Accountants

R E Mayberry
Partner

Sydney:

COWRA CROSSING VINEYARD PROJECT AND PROPERTY TRUST

DIRECTORY

Manager

Blaxland Vineyards Limited

Registered Office:
493 High Street
Maitland, NSW, 2320
Phone: (02) 4934 7622

Directors of the Manager

Neil R. MacKenzie
Ronald M. Collins
Philip J. Slee
Robert J. Gibson

Independent Accountants and Auditors of the Project

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