

**OLD MUNDULLA
VINEYARD PROJECT
ARSN 099 233 191**

**Report on the Project at
30 June 2007**

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

OLD MUNDULLA VINEYARD PROJECT

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OLD MUNDULLA VINEYARD PROJECT

RESPONSIBLE ENTITY'S REPORT

Blaxland Vineyards Limited (the Responsible Entity) submits the Financial Statements of the Project for the year ended 30 June 2007. The following persons held office as directors of the Responsible Entity at the date of this report and at any time during or since the end of the financial year unless otherwise stated.

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

Financial Highlights

This year is the sixth full year of operations of this 266.4 hectare vineyard. This year's harvest was smaller than the previous years as a result of an overly hard pruning last July and a drought affected year. In total 2,349 tonnes (2006: 4,832 tonnes) were harvested from the 266 hectares planted representing a 51% decrease in production from the vineyard. Despite the restrictions on the Murray Darling Basin, no restrictions have been requested of our bores as yet. This year prices went up by 8%. McGuigan Simeon Wines Limited (MSWL) have also agreed a 25% bonus on this year's crop to compensate for the excessive pruning.

Review of Operations

The Project continued as the management of a vineyard of 266 hectares on a site at Mundulla in South Australia.

The vineyard has been planted to Shiraz, Cabernet Sauvignon, Merlot, Petit Verdot, Mataro, Cabernet Franc and Malbec. Under the current arrangements with MSWL, all of the produce from the vineyard will be sold to that company less any amounts held back by Blaxland to be made into Investors wines. In 2007 no grapes were held back.

The upgrade of the vineyard's irrigation system continues to work well with all three bores operating. Assuming there are no government restrictions on water use, we believe we should have sufficient water to irrigate the vineyard.

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.

Distribution

Distributions were paid to growers during the year as follows:

Interim distribution for 2006 paid July 2006	\$1,332,000
Final distribution for 2006 paid November 2006	\$710,111

Significant Changes in the State of the Affairs

There was no significant change in the state of the Project's affairs during the year, except to note that there has been a considerable improvement in the water supply available to the irrigation system.

After Balance Date Events

There are no matters or circumstances that have arisen since 30 June 2007 that have 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.

OLD MUNDULLA VINEYARD PROJECT

RESPONSIBLE ENTITY'S REPORT

Likely Developments

There are no likely developments in the current year which would have an impact on the way the vineyard is run by Blaxland.

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 7.3 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 90 growers interests in the Project at the end of the financial year.

Fees Paid to the Responsible Entity

During the financial period \$2,450,905 (2006: \$2,247,702) was paid to Blaxland Vineyards Limited as fees to operate and manage the Project. The total cost of the project for the financial period to 30 June 2007 was met from these funds as set out in the Prospectus.

Indemnification of Officers and Auditors

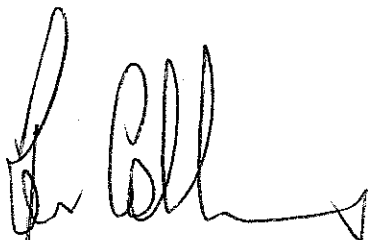
The Responsible Entity under its Articles of Association agrees to indemnify every director and officer of the Responsible Entity against liability incurred as a director or officer to the extent permitted by the Corporations Law.

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

Dated: 18 September 2007



Philip J. Slee
Director

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

OLD MUNDULLA VINEYARD PROJECT

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE RESPONSIBLE ENTITY

Level 29, Australia Square
264 George Street,
Sydney NSW 2000
PO Box H195,
Australia Square NSW 1215
T 61 2 9251 4600
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info@nexiacourt.com.au
www.nexiacourt.com.au

I declare that to the best of my knowledge and belief, during the year ended 30 June 2007, 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.

Nexia Court & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read "Robert Mayberry".

Robert Mayberry
Partner

Sydney
Dated: 28 September 2007

Partners

Stephen J Rogers
Ian D Stone
Paul W Lenton
Neil R Hillman
Stephen W Davis
David M Gallery
Robert A McGuinness
Kirsten Taylor-Martin
Andrew S Hoffmann
Graeme J Watman
David R Cust
Craig J Wilford
Sean P Urquhart
Robert Mayberry

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AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

OLD MUNDULLA VINEYARD PROJECT

DIRECTORS' DECLARATION

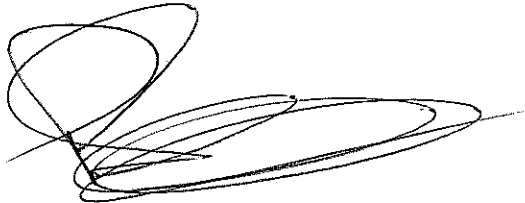
The directors of the Responsible Entity declare that:

1. The financial statements and notes of the Old Mundulla Vineyard Project 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 2007 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:



Ronald M. Collins
Director



Philip J. Slee
Director

Dated: 18 September 2007

OLD MUNDULLA VINEYARD PROJECT

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenues from continuing operations	2	3,063,650	4,609,961
Expenses from continuing operations	3	2,521,101	2,360,462
Profit before income tax		<u>542,549</u>	<u>2,249,499</u>
Income tax expense	1	<u>-</u>	<u>-</u>
Profit for the year		<u>542,549</u>	<u>2,249,499</u>

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash assets		28,366	360,521
Receivables	4	1,776,338	2,973,445
Other	5	<u>1,255,667</u>	<u>1,279,806</u>
TOTAL CURRENT ASSETS		<u>3,060,371</u>	<u>4,613,772</u>
TOTAL ASSETS		<u>3,060,371</u>	<u>4,613,772</u>
CURRENT LIABILITIES			
Payables	6	<u>21,722</u>	<u>75,561</u>
TOTAL CURRENT LIABILITIES		<u>21,722</u>	<u>75,561</u>
TOTAL LIABILITIES		<u>21,722</u>	<u>75,561</u>
NET ASSETS		<u>3,038,649</u>	<u>4,538,211</u>
GROWERS' EQUITY		<u>3,038,649</u>	<u>4,538,211</u>

The accompanying notes form part of these financial statements

OLD MUNDULLA VINEYARD PROJECT

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

2006	Note	Growers' Equity \$	Total \$
Balance at 1 July 2005		2,497,671	2,497,671
Profit attributable to growers		2,249,499	2,249,499
Growers' Distribution		(208,959)	(208,959)
Balance at 30 June 2006		4,538,211	4,538,211
2007			
	Note	Growers' Equity \$	Total \$
Balance at 1 July 2006		4,538,211	4,538,211
Profit attributable to growers		542,549	542,549
Growers' Distribution		(2,042,111)	(2,042,111)
Balance at 30 June 2007		3,038,649	3,038,649

The accompanying notes form part of these financial statements.

OLD MUNDULLA VINEYARD PROJECT

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		4,240,233	2,601,042
Payment to suppliers		(2,550,801)	(2,379,661)
Interest received		20,524	17,586
Net cash from operating activities		<u>1,709,956</u>	<u>238,967</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment to investors		(2,042,111)	(208,959)
Net cash (outflow) from financing activities		<u>(2,042,111)</u>	<u>(208,959)</u>
Net Increase/(Decrease) in cash held		(332,155)	30,008
Cash at Beginning of Financial Year		360,521	330,513
Cash at end of year		<u>28,366</u>	<u>360,521</u>

NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

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

Cash at bank	<u>28,366</u>	<u>360,521</u>
Reconciliation of profit after tax to net cash inflow from operating activities		
Profit for the year	542,549	2,249,499
(Increase)/decrease in current receivables	1,197,107	(1,991,333)
(Increase)/decrease in current prepayments	24,139	(93,644)
Increase/(Decrease) in current payables	(53,839)	74,445
Cash flows from operating activities	<u>1,709,956</u>	<u>238,967</u>

The accompanying notes form part of these financial statements

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY 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 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 on an accruals basis and 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 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 and 1997.

(d) **Cash**

For the purpose 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) **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.

	2007	2006
	\$	\$
2. REVENUE		
Operating activities		
- grape sales	3,026,244	4,592,375
- interest received	20,523	17,586
- proceeds from sale of water	16,883	-
	<u>3,063,650</u>	<u>4,609,961</u>

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<u>2007</u>	<u>2006</u>
	\$	\$
3. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
a. Expenses		
Vineyard Maintenance fees	2,450,905	2,247,702
Crop Insurance	48,009	50,404
Property levies	-	62,038
Other	22,187	318
	<u>2,521,101</u>	<u>2,360,462</u>
4. RECEIVABLES		
Current		
Trade debtors	1,776,338	2,973,445
	<u>1,776,338</u>	<u>2,973,445</u>
5. OTHER ASSETS		
Current		
Prepaid Vineyard Fees	1,255,667	1,279,806
	<u>1,255,667</u>	<u>1,279,806</u>
6. PAYABLES		
Current		
Trade Creditors	5,054	-
Other	16,668	75,561
	<u>21,722</u>	<u>75,561</u>

7. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel in office during the financial year:

Name Position

Ron Collins Director

Philip Slee Director

No compensation was paid to key management personnel during the year.

(b) Transactions with Related Entities

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

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (cont.)

(c) Old Mundulla Vineyard Project is a "Managed Investment Scheme" for which the "Responsible Entity" is Blaxland Vineyards Limited (ABN: 61 067 514 792) of 493 High Street, Maitland, NSW.2320.

Fees retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$385,543 (2006: \$268,644). The Responsible Entity or its associate holds 7.25 lots in the project.

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	
	2007 %	2006 %	2007 \$	2006 \$
Financial Assets				
Cash	4.9%	4.23%	28,366	360,521

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2007 to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet 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 balance sheet and in the notes to and forming part of the financial statements.

11. PROJECT DETAILS

The Old Mundulla Vineyard Project (ARSN 099 233 191) located at Cuppa Cup Road Mundulla SA 5270 is a Managed Investment Scheme for the which the Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792) who's registered address and who's address for administration purposes is 493 High Street Maitland NSW 2320.

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

INDEPENDENT AUDIT REPORT TO THE RESPONSIBLE ENTITY OF OLD MUNDULLA VINEYARD PROJECT

Scope

We have audited financial report of Old Mundulla Vineyard Project for the financial year ended 30 June 2007 as set out on pages 7 to 12

The Responsible Entity's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the Responsible Entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, 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 report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the project's financial position and performance as represented by the results of their operations and their cash flows.

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

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Old Mundulla 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 2007 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.

Nexia Court & Co.
Chartered Accountants
Sydney

Dated: 28 September 2007

Robert Mayberry
Partner

Partners

Stephen J Rogers
Ian D Stone
Paul W Lenton
Neil R Hillman
Stephen W Davis
David M Gallery
Robert A McGuinness
Kirsten Taylor-Martin
Andrew S Hoffmann
Graeme J Watman
David R Cust
Craig J Wilford
Sean P Urquhart
Robert Mayberry

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OLD MUNDULLA VINEYARD PROJECT

DIRECTORY

Responsible Entity and Custodian

Blaxland Vineyards Limited

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

Directors of the Responsible Entity

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

Independent Accountants and Auditors of the Project

Nexia Court & Co Chartered Accountants
Australia Square
Level 29, 264 George Street
Sydney NSW 2000

Project Location

Cuppa Cup Road
MUNDULLA SA 5270

Project Administration

Blaxland Vineyards Limited
PO Box 737
MAITLAND NSW 2320