

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

**Report on the Project at
30 June 2008**

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

OLD MUNDULLA VINEYARD PROJECT

CONTENTS

| | |
|---|----|
| RESPONSIBLE ENTITY'S DIRECTORS' REPORT | 2 |
| AUDITOR'S INDEPENDENCE DECLARATION | 5 |
| DIRECTORS' DECLARATION | 6 |
| INCOME STATEMENT | 7 |
| BALANCE SHEET | 7 |
| STATEMENT OF CHANGES IN EQUITY | 8 |
| CASH FLOW STATEMENT | 9 |
| NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS | 10 |
| INDEPENDENT AUDITORS' REPORT | 18 |
| DIRECTORY | 20 |

OLD MUNDULLA VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Blaxland Vineyards Limited (the Responsible Entity) submits the Financial Statements of the Project for the year ended 30 June 2008. 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 | Age 53 |
| BA(Hons), FCA | |
| Position | Non-executive Chairman. |
| Experience | Neil is a qualified Chartered Accountant with an honours degree in Business Studies. He joined Orlando Wyndham Group in 1991 as Finance Director before moving to Simeon Wines as Managing Director in 1994. He continued to build Simeon Wines to being the third largest publicly listed wine company until its merger with McGuigan Wines in 2002 and continues in undertaking a series of consulting assignments in the wine industry. |
| Special Responsibilities | Chairman |

| | |
|--------------------------|---|
| Ronald M. Collins | Age 63 |
| BCom (Acct), BA | |
| Position | Executive director - marketing and company secretary |
| Experience | Ron Collins has considerable experience in the Australian finance and investment market including a number of years with Hill Samuel Australia Ltd. (now Macquarie Bank Ltd.) and 20 years running his own financial consulting business. |
| Special Responsibilities | Project development, sales and marketing. |

| | |
|--------------------------|---|
| Philip J. Slee | Age 61 |
| Position | Executive director - administration |
| Experience | Philip Slee is a Chartered Accountant, specialising in the wine industry. He was previously Company Secretary of Brian McGuigan Wines Limited and Financial Controller and Company Secretary of Wyndham Estate Wines Limited, both publicly listed companies. |
| Special Responsibilities | Finance and administration. |

In addition, Ronald M. Collins held the position of company secretary of the Trustee (Responsible Entity) at the end of the financial year.

Financial Highlights

This year is the tenth year of operations of this 266.4 hectare vineyard, which was constructed in 1998 and is nominally set to terminate in 2013. Tonnage at Old Mundulla increased by 500 tonnes to 2,856 tonnes from last year's crop, all of which was contracted to Australian Vintage (formerly McGuigan Simeon Wines). Blaxland is trialling a reduced crop program in small sections of the vineyard planted with lesser known varieties such as Mataro, to see whether there is a lift in quality in an attempt to develop markets for this fruit outside the Australian Vintage contract.

A distribution of \$5,000 per unit was made in July 2008 from interim payments for the crop and a further payment will be made in October 2008 after weighted District Average Prices have been determined and the final payment made.

Review of Operations

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

OLD MUNDULLA VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

The vineyard has been planted to Shiraz, Cabernet Sauvignon, Merlot, Petit Verdot, Mataro, Cabernet Franc and Malbec. Under the current arrangements with Australian Vintage, 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.

The upgrade of the vineyard's irrigation system continues to work well with all three bores operating. During the year the Government announced that it intended to reduce all bore licences held in South East South Australia by up to 50% to ensure the health of the Acquirer. If this is carried out Old Mundulla will lose 50% of its water supply over the next five years on a progressively phased basis.

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 2007 paid July 2007 | \$310,800 |
| Final distribution for 2007 paid October 2007 | \$355,254 |

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 most likely will be a significant reduction in the water supply available to the irrigation system if the Government introduces restrictions on a phased basis.

After Balance Date Events

There are no matters or circumstances that have arisen since 30 June 2008 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.

Likely Developments

With the exception of the possible reduction in irrigation water allowance, 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.

OLD MUNDULLA VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Fees Paid to the Responsible Entity

During the financial period \$2,375,843 (2007: \$2,450,905) 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 2008 was met from these funds as set out in the Prospectus.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 5.

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. The Project does not provide any indemnification out of the Project's assets.

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: 16 September 2008

OLD MUNDULLA VINEYARD PROJECT

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Court & Co.
Chartered Accountants

Robert Mayberry
Partner

Sydney

Dated:

OLD MUNDULLA VINEYARD PROJECT

DIRECTORS' DECLARATION

In the opinion of the directors of Blaxland Vineyards Limited, the responsible entity of Old Mundulla Vineyard Project:

1. the financial statements and notes, set out on pages 7 to 17, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Project's financial position as at 30 June 2008 and of its performance, for the financial year ended on that date;
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).
3. there are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Blaxland Vineyards Limited:

Director

Ronald M. Collins

Director

Philip J. Slee

Dated: 16 September 2008

OLD MUNDULLA VINEYARD PROJECT

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 \$ | 2007 \$ |
|---------------------------------|------|------------------|----------------|
| Revenue | 3 | 3,655,697 | 3,063,650 |
| Expenses | 4 | 2,450,749 | 2,521,101 |
| Profit before income tax | | <u>1,204,948</u> | <u>542,549</u> |
| Income tax expense | 2 | - | - |
| Profit for the year | | <u>1,204,948</u> | <u>542,549</u> |

BALANCE SHEET AS AT 30 JUNE 2008

| | Note | 2008 \$ | 2007 \$ |
|----------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 288 | 28,366 |
| Trade and other receivables | 5 | 2,337,524 | 1,776,338 |
| Other assets | 6 | 1,308,508 | 1,255,667 |
| TOTAL CURRENT ASSETS | | <u>3,646,320</u> | <u>3,060,371</u> |
| TOTAL ASSETS | | <u>3,646,320</u> | <u>3,060,371</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 7,839 | 21,722 |
| TOTAL CURRENT LIABILITIES | | <u>7,839</u> | <u>21,722</u> |
| TOTAL LIABILITIES | | <u>7,839</u> | <u>21,722</u> |
| NET ASSETS | | <u>3,638,481</u> | <u>3,038,649</u> |
| GROWERS' EQUITY | | <u>3,638,481</u> | <u>3,038,649</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 2008

| 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 | | <u>3,038,649</u> | <u>3,038,649</u> |
| 2008 | | | |
| | Note | Growers' Equity \$ | Total \$ |
| Balance at 1 July 2007 | | 3,038,649 | 3,038,649 |
| Profit attributable to growers | | 1,204,948 | 1,204,948 |
| Growers' Distribution | | (605,116) | (605,116) |
| Balance at 30 June 2008 | | <u>3,638,481</u> | <u>3,638,481</u> |

The accompanying notes form part of these financial statements.

OLD MUNDULLA VINEYARD PROJECT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 \$ | 2007 \$ |
|--|------|-------------|-------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 3,074,572 | 4,240,233 |
| Payment to suppliers | | (2,524,073) | (2,550,801) |
| Interest received | | 19,939 | 20,524 |
| Net cash from operating activities | | 570,438 | 1,709,956 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment to investors | | (605,116) | (2,042,111) |
| Loan from related parties | | 6,600 | - |
| Net cash from financing activities | | (598,516) | (2,042,111) |
| Net Decrease in cash and cash equivalents | | (28,078) | (332,155) |
| Cash and cash equivalents at beginning of financial year | | 28,366 | 360,521 |
| Cash and cash equivalents at end of year | | 288 | 28,366 |

NOTES TO THE CASH FLOW STATEMENT

Reconciliation of cash and cash equivalents

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

| | | | |
|--------------|--|-----|--------|
| Cash at bank | | 288 | 28,366 |
|--------------|--|-----|--------|

Reconciliation of cash from operating activities

| | | | |
|---|--|-----------|-----------|
| Profit for the year | | 1,204,948 | 542,549 |
| Change in current receivables | | (561,186) | 1,197,107 |
| Change in current prepayments | | (52,841) | 24,139 |
| Change in current payables | | (20,483) | (53,839) |
| Net cash from operating activities | | 570,438 | 1,709,956 |

The accompanying notes form part of these financial statements

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Old Mundulla Vineyard Project (the Project) is a registered managed investment scheme under the Corporations Act 2001. The financial report of the Project is for the year ended 30 June 2008.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Project complies with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial statements were approved by the Board of Directors on 16 September 2008.

(b) Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention, except for financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Project's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) 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.

(f) Income tax

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

(g) Cash and cash equivalents

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

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(h) Trade and other creditors

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

(i) Financial risk management

Overview

The Project has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Project's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the project, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Project's activities. The Project, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Project if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Project's receivables from customers.

Trade and other receivables

The Project's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Project's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. However, at this time in this project, 100 percent (2007: 100 percent) of the Project's revenue is attributable to sales transactions with a single customer.

The Board of Directors have established a credit policy under which each new customer is analysed individually for creditworthiness before the Project's standard payment and delivery terms and conditions are offered. The Project's review includes historical performance, when available, and where considered necessary, credit insurance is sought. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Finance Director; these limits are reviewed annually. Customers that fail to meet the Project's creditworthiness review may transact with the Project only if proper insurances are in place.

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Financial Risk Management (contd)

The single Project customer has been transacting with the project for over eight years, and no losses have been incurred. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Project's trade and other receivables relate mainly to the Project's wholesale customers.

Goods are sold subject to standard industry grape sale agreements, where one third of the annual crop sold to a customer is paid one month after harvest, a further one third is paid on the 30 June following harvest and the final payment is made on 30 September following harvest.

The Project may establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. At the time of preparing these accounts the annual crop has been paid as to two thirds of the amount owing and an allowance will only be established if any customer is in arrears on the standard payment plan.

Guarantees

No guarantees have been or will be provided by the Project.

Liquidity risk

Liquidity risk is the risk that the Project will not be able to meet its financial obligations as they fall due. The Project's approach managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Project.

Typically the Project ensures that it has sufficient cash on demand to meet expected operational expenses for the year ahead, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices will affect the Project's income.

The Project manages market risks by arranging prices annually in advance or through longer term fixed price contracts. In some cases longer term contracts (over 5 years) are written at weighted district average price which allows for changes in the market.

Currency risk

The Project is not directly exposed to currency risk. However as the wine industry is an export industry, its customers are affected by currency changes and this can influence pricing of the Project's products.

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Financial Risk Management (contd)

Interest rate risk

The Project adopts a policy of ensuring that its exposure to changes in interest rates is minimised by changing to fixed rate borrowings when interest rates are volatile.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Board of Directors monitors the return on capital, which the Project defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of distributions to growers.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Project's approach to capital management during the year.

The Project is not subject to externally imposed capital requirements.

| | 2008 | 2007 |
|---------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| 3. REVENUE | | |
| - Grape sales | 3,635,758 | 3,026,244 |
| - Interest received | 19,939 | 20,523 |
| - Proceeds from sale of water | - | 16,883 |
| TOTAL REVENUE | <u>3,655,697</u> | <u>3,063,650</u> |
| 4. EXPENSES | | |
| Vineyard Maintenance fees | 2,386,943 | 2,450,905 |
| Crop Insurance | 60,939 | 48,009 |
| Other | 2,867 | 22,187 |
| | <u>2,450,749</u> | <u>2,521,101</u> |
| 5. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Trade receivables | <u>2,337,524</u> | <u>1,776,338</u> |
| 6. OTHER ASSETS | | |
| Current | | |
| Prepaid Vineyard Fees | <u>1,308,508</u> | <u>1,255,667</u> |

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. TRADE AND OTHER PAYABLES

Current

| | | |
|--------------------------------------|-------|--------|
| Trade payables | - | 5,054 |
| Loan from Blaxland Vineyards Limited | 6,600 | - |
| Other | 1,239 | 16,668 |
| | 7,839 | 21,722 |

8. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel in office during the financial year:

| Name | Position |
|-------------|------------------------------------|
| Ron Collins | Director of the Responsible Entity |
| Philip Slee | Director of the Responsible Entity |

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.

(i) 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.

(ii) Fees retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$286,660 (2007: \$385,543). The Responsible Entity or its associate holds 7.25 lots in the project.

9. SEGMENT REPORTING

The Project operates in the viticultural industry of Australia.

10. FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of the Project’s financial assets represents the maximum credit exposure. The Project’s maximum exposure to credit risk at the reporting date was:

| | Carrying amount | |
|-----------------------------|-----------------|-----------|
| | 2008 | 2007 |
| | \$ | \$ |
| Cash and cash equivalents | 288 | 28,366 |
| Trade and other receivables | 2,337,524 | 1,776,338 |
| | 2,337,812 | 1,804,704 |

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS (contd)

Credit risk (contd)

The Project's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

| | Carrying amount | |
|---------------------|-----------------|-----------|
| | 2008 | 2007 |
| | \$ | \$ |
| Wholesale customers | 2,337,524 | 1,776,338 |
| | 2,337,524 | 1,776,338 |

The Project's most significant customer, an Australian wholesaler, accounts for \$2,337,524 of the trade receivables carrying amount at 30 June 2008 (2007: \$1,776,338).

Impairment losses

None of the Project's receivables are past due (2007: nil). The aging of the Project's trade receivables at the reporting date was:

| | Gross 2008 | Impairment 2008 | Gross 2007 | Impairment 2007 |
|----------------------|---------------|--------------------|---------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Not past due | 2,337,524 | - | 1,776,338 | - |
| Past due 0-30 days | - | - | - | - |
| Past due 31-120 days | - | - | - | - |
| More than one year | - | - | - | - |
| | 2,337,524 | - | 1,776,338 | - |

Based on historic default rates, the Project believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days; 100% of the balance, which includes the amount owed by the Project's most significant customer (see above), relates to customers that have a good credit history with the group.

OLD MUNDULLA VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS (contd)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

30 June 2008

| | Carrying Amount | Contract- ual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|--------------------|--------------------------------|---------------------|----------------|--------------|--------------|-------------------------|
| Non-derivative financial liabilities | | | | | | | |
| Trade and other payables | 7,839 | (7,839) | (7,839) | - | - | - | - |

30 June 2007

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|--------------------|---------------------------|---------------------|----------------|--------------|--------------|-------------------------|
| Non-derivative financial liabilities | | | | | | | |
| Trade and other payables | 21,722 | (21,722) | (21,722) | - | - | - | - |

Currency risk

Exposure to currency risk

There is no exposure to foreign currency risk at balance date

Fair Values

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet, are as follows:

| | 2008 Carrying Amount \$ | 2008 Net Fair Value \$ | 2007 Carrying Amount \$ | 2007 Net Fair Value \$ |
|------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| Financial Assets | | | | |
| Cash and cash equivalents | 288 | 288 | 28,366 | 28,366 |
| Trade and other receivables | 2,337,524 | 2,337,524 | 1,776,338 | 1,776,338 |
| Financial Liabilities | | | | |
| Trade and other payables | 7,839 | 7,839 | 21,722 | 21,722 |

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 2.

OLD MUNDULLA VINEYARD PROJECT

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). The registered address and the address for administration purposes is 493 High Street Maitland NSW 2320.

**INDEPENDENT AUDITORS' REPORT
TO THE RESPONSIBLE ENTITY OF
OLD MUNDULLA VINEYARD PROJECT**

Report on the financial report

We have audited the accompanying financial report of Old Mundulla Vineyard Project (the 'Project') which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity, and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes numbered 2 to 10 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company 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 establishing 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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report of the group and the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' 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 auditors' 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 entity'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 entity'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT
TO THE RESPONSIBLE ENTITY OF
OLD MUNDULLA VINEYARD PROJECT
(CONTINUED)**

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the Responsible Entity on September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditors' opinion on the financial report

In our opinion:

- (a) the financial report of Old Mundulla Vineyard Project is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Project's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Project also complies with International Financial Reporting Standards as disclosed in note 2(a).

Nexia Court & Co
Chartered Accountants

Robert Mayberry
Partner

Sydney

Dated:

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