

**ST MAGNUS  
VINEYARD PROJECT**

ARSN 091 132 786

Report for the half-year  
ended 31 December 2007

Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792

# ST MAGNUS VINEYARD PROJECT

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## ST MAGNUS VINEYARD PROJECT

### REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the Project for the half year ended 31 December 2007. The following persons held office as directors during the period to the date of this report.

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

#### **Review of Operations**

During the half year under review the 97 hectare vineyard at Birdwood in the Adelaide Hills continued to be maintained on behalf of growers.

The vineyard has been planted to Sauvignon Blanc, Chardonnay, Merlot, Pinot Gris, together with a small planting of Semillon. During the last six months the Riesling and Cabernet Franc were replaced with new plantings of Pinot Gris.

The whole of the crop is now contracted for up to four years at prices that should average over \$1,600 per tonne. As the vineyard matures towards 1,000 tonnes pa reasonable profitability should follow.

Harvest will commence in March and we are optimistic of a much better result than previously recorded. Despite the drought conditions, we have had good access to irrigation water and all frost events have been averted with the frost mitigation system. We are anticipating a crop of around 800 tonnes, a 33% increase on last year.

#### **Principal Activities**

The principal activities of the Project are the development and management of a 97 hectare vineyard in the Adelaide Hills called St Magnus Vineyard.

#### **Distributions Paid**

During the period under review, there were no distributions made to growers.

#### **Significant Changes in the State of the Affairs**

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

#### **Matters Subsequent to the End of the Financial Period**

There are no matters or circumstances that have arisen since 31 December 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.

#### **Future Developments**

There are no likely developments that will affect the future of the vineyard.

## ST MAGNUS VINEYARD PROJECT

### REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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#### **Environmental Regulations**

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.

#### **Interests Issued**

During the period no further interests were issued in the Project. There were no withdrawals from the Project. At the 31 December 2007 there were 242 growers' interests in the Project. There were two interests held by the Responsible Entity or its associates at the end of the financial year.

#### **Fees Paid to the Responsible Entity**

During the period under review \$462,206 (2006 \$437,609) was paid to Blaxland Vineyards Limited as fees to maintain the vineyard and manage the Project. Of this amount, \$433,590 was paid for viticultural management. The total cost of the Project to 31 December 2007 was met from these funds.

#### **Value of Project Property**

The Project owns no assets. The Responsible Entity holds on trust for the growers individually, their respective interests in the trellis, irrigation system and vines.

#### **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.

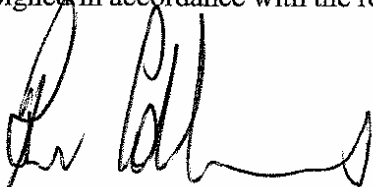
No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

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

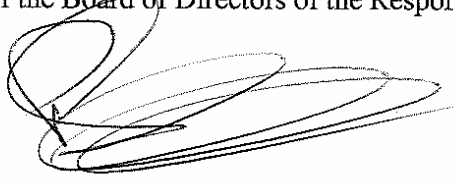
#### **Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 5 and forms part of the report for the financial period ended 31 December 2007.

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



**Ronald M. Collins**  
Director



**Philip J. Slee**  
Director

Dated: 3 March 2008

## ST MAGNUS VINEYARD PROJECT

### DIRECTORS' DECLARATION


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We, Ronald Collins and Philip Slee being two of the directors of Blaxland Vineyards Limited, the manager of St Magnus Vineyard Project, declare that the financial statements and notes:

- comply with accounting standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
- give a true and fair view of the Project's financial position as at 31 December 2007 and its performance for the half year ended on that date;
- in our opinion, there are reasonable grounds to believe that the Project will be able to pay its debts as and when they fall due.


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: 3 March 2008

# NEXIA COURT & CO



CHARTERED  
ACCOUNTANTS

ABN 71 502 156 733

## ST MAGNUS VINEYARD PROJECT

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of the responsible entity of St Magnus Vineyard Project:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

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

Nexia Court & Co  
Chartered Accountants

Sydney

Dated: 4 March 2008

Robert Mayberry  
Partner

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LIABILITY LIMITED BY A  
SCHEME APPROVED UNDER  
PROFESSIONAL STANDARDS  
LEGISLATION.

**ST MAGNUS VINEYARD PROJECT**

**INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

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	Note	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
		\$	\$
Revenues	2	638,607	419,706
Expenses	3	(543,966)	(534,310)
		94,641	(114,604)
<b>Profit/(Loss) before income tax</b>		94,641	(114,604)
Income tax expense	1	-	-
<b>Profit/(Loss) for the half year</b>		94,641	(114,604)

The accompanying notes form part of these financial statements.

# ST MAGNUS VINEYARD PROJECT

## BALANCE SHEET AS AT 31 DECEMBER 2007

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	Note	31 Dec 2007 \$	30 Jun 2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,471	362,339
Trade and other receivables	4	-	472,653
Inventories	5	640,000	-
Other assets	6	321,286	-
<b>TOTAL CURRENT ASSETS</b>		<u>964,757</u>	<u>834,992</u>
<b>TOTAL ASSETS</b>		<u>964,757</u>	<u>834,992</u>
<b>NET ASSETS</b>		<u>964,757</u>	<u>834,992</u>
<b>GROWERS' EQUITY</b>		<u>964,757</u>	<u>834,992</u>

The balance sheet should be read in conjunction with the accompanying notes.

## ST MAGNUS VINEYARD PROJECT

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2007

<b>2006</b>			
	Note	Growers' Equity \$	Total \$
Balance at 1 July 2006		749,170	749,170
Loss attributable to growers		(114,604)	(114,604)
Equity introduced		281,956	281,956
<b>Balance at 31 December 2006</b>		<b>916,522</b>	<b>916,522</b>
<b>2007</b>			
	Note	Growers' Equity \$	Total \$
Balance at 1 July 2007		834,992	834,992
Profit attributable to growers		94,641	94,641
Equity introduced		35,124	35,124
<b>Balance at 31 December 2007</b>		<b>964,757</b>	<b>964,757</b>

The accompanying notes form part of these financial statements.

## ST MAGNUS VINEYARD PROJECT

### CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	31 Dec 2007 \$	31 Dec 2006 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		470,708	264,850
Payment to suppliers		(865,252)	(968,019)
Interest received		552	815
<b>Net cash outflow from operating activities</b>		<u>(393,992)</u>	<u>(702,354)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Contributions from growers		35,124	1,044,982
Distribution to growers		-	(763,026)
<b>Net cash inflow from financing activities</b>		<u>35,124</u>	<u>281,956</u>
Net Decrease in cash and cash equivalents		(358,868)	(420,398)
Cash and cash equivalents at beginning of financial period		362,339	424,698
<b>Cash and cash equivalents at end of financial period</b>		<u>3,471</u>	<u>4,300</u>
<b>NOTES TO THE CASH FLOW STATEMENT</b>			
<b>Reconciliation of Cash and cash equivalents</b>			
Cash and cash equivalents at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:			
Cash at bank		<u>3,471</u>	<u>4,300</u>
<b>Reconciliation of profit after income tax to net cash outflow from operating activities</b>			
Profit for the half year		94,641	(114,604)
Decrease in current receivables		472,653	295,959
(Increase) in current inventories		(640,000)	(450,000)
(Increase) in current prepayments		(321,286)	(522,491)
Increase in current payables		-	88,782
<b>Net cash outflow from operating activities</b>		<u>(393,992)</u>	<u>(702,354)</u>

The accompanying notes form part of these financial statements

## ST MAGNUS VINEYARD PROJECT

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are General Purpose Accounts and have been prepared in accordance with the Accounting Standard AASB134: Interim Financial Reporting, the Corporations Act 2001 and the requirements of the Project Constitution.

The accounting policies have been consistently applied and are consistent with those of the previous financial year and corresponding half-year unless otherwise stated.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2007.

(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 belongs 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 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

(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.

(f) **Trade and other creditors**

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

## ST MAGNUS VINEYARD PROJECT

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### (g) Agriculture

Accounting Standard AASB 141, Agriculture has been applied during the half year to bring to account as income the increment in net market value of the grape crop in the financial period, and to bring to account as an asset the value of the Project's grapes on the vines at reporting date.

There is no active and liquid market for partly mature grapes. Mature value has been determined by the Directors of the Responsible Entity based upon the estimated net market value of the crop at vintage, reduced by the proportion of time between bud-burst and the end of the financial period as a percentage of the time between bud-burst and vintage.

Significant assumptions made in determining net market value;

- (a) the lowest expected value of the crop at vintage has been used to be conservative and minimise the amount of any reversal should the crop be damaged in any way prior to vintage;
- (b) only the current crop is valued;
- (c) vintage commenced at the beginning of March.

	31 Dec 2007 \$	31 Dec 2006 \$
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- Increment in net market value of grapes	640,000	450,000
- Overaccrual of prior period revenues	(1,945)	(31,109)
- Interest	552	815
<b>Total Revenue</b>	638,607	419,706
<b>3. PROFIT FOR THE PERIOD</b>		
<b>Profit before income tax has been determined after:</b>		
<b>Expenses</b>		
Vineyard Maintenance fees	433,590	412,477
Project management fees	28,616	25,132
Land Rental	16,638	16,504
Water supply	-	11,695
Frost protection	47,432	57,475
Crop Insurance	17,562	10,903
Other	128	124
	543,966	534,310
<b>Significant items</b>		
<b>a. Revenues</b>		
Overaccrual of prior period revenues	(1,945)	(31,109)

## ST MAGNUS VINEYARD PROJECT

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	<b>31 Dec 2007 \$</b>	<b>30 Jun 2007 \$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	-	472,653
	<hr/>	<hr/>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Value of grape crop	640,000	-
	<hr/>	<hr/>
<b>6. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	321,286	-
	<hr/>	<hr/>

#### **7. RELATED PARTY TRANSACTIONS**

Fees retained by the Responsible Entity after payment of vineyard maintenance costs during the period were \$28,616 (2006:\$25,132). The Responsible Entity or its associate holds 2 lots in the project.

#### **8. SEGMENT REPORTING**

The Project operates in the viticultural industry of Australia.

#### **9. THE PROJECT**

The St Magnus Vineyard Project (ARSN 091 132 786) located at Adelaide Mannum Road Birdwood SA 5234 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.

**INDEPENDENT REVIEW REPORT  
TO THE RESPONSIBLE ENTITY OF  
ST MAGNUS VINEYARD PROJECT**

We have reviewed the accompanying interim financial report of St Magnus Vineyard Project, which comprises the interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the responsible entity.

***Directors' Responsibility for the Financial Report***

The directors of the responsible entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of St Magnus Vineyard Project, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

***Statement of continued independence***

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

***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St Magnus Vineyard Project is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of St Magnus Vineyard Project financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



Nexia Court & Co  
Chartered Accountants

Sydney  
Dated: 4 March 2008



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

# ST MAGNUS VINEYARD PROJECT

## DIRECTORY

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### **Responsible Entity**

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

### **Custodian**

Blaxland Vineyards Limited  
493 High Street  
Maitland NSW 2320

### **Independent Accountants and Auditors of the Project**

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

### **Project Location**

Adelaide Mannum Road  
BIRDWOOD SA 5234

### **Project Administration**

Blaxland Vineyards Limited  
PO Box 737  
MAITLAND NSW 2320