

ST MAGNUS  
VINEYARD PROPERTY TRUST

ARSN 091 135 116

Report on the Trust at  
30 June 2007

Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792

# ST MAGNUS VINEYARD PROPERTY TRUST

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## ST MAGNUS VINEYARD PROPERTY TRUST

### THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

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

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

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

#### **Principal Activities**

The principal activities of the Trust are the ownership and management of a 96.8 hectare vineyard in the Adelaide Hills near Birdwood, South Australia.

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

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

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

#### **Financial Highlights**

The Trust recorded neither a profit nor a loss for the period under review.

#### **Review of Operations**

The principal activity of the St Magnus Vineyard Property Trust for the year ended 30 June 2007 was the continuing ownership of the St Magnus Vineyard Property.

The Responsible Entity is leasing the property to growers through individual allotment agreements giving the growers rights to operate a vineyard on their allotments, at an annual rent of \$124 (2006: \$189) per allotment. The funds will be used to maintain the Trust and pay a fee to the Responsible Entity.

The property is currently mortgaged to the National Australia Bank in support of a loan to the trust to carry out frost mitigation works. The debt to the bank at 30 June 2007 is \$1,000,000 (2006: \$400,000). This increased since 30 June 2006 to \$1,000,000 to enable the installation of the frost protection system across the majority of the vineyard.

The property was valued in January 2007 by Colin Gaetjens Pty Limited who are experts in the valuation of wine industry assets. The valuation totalled \$6,750,000 which is equivalent to \$27,893 per unit. This includes the Growers interest in the vineyard. The land without the Growers improvements has been valued at \$1,750,000 or \$7,231 per unit. Copies of the valuation are available on request.

#### **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. However, we are concerned that the dam on St Magnus is not full and will rely on spring 2007 rains to fill to enable us to fully operate the frost system if required and irrigate the vineyard until vintage in March/April 2008.

## ST MAGNUS VINEYARD PROPERTY TRUST

### THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

#### **Distribution**

During the period under review, there were no distributions made to unit holders, and no recommendation is made as to distributions.

#### **Environmental Regulations**

The Trust'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**

At the 30 June 2007 there were 242 grower's interests in the Trust (2006: 242). Each interest represents 7400 units in the Trust. No units were issued or redeemed in the current year.

#### **Charges Paid to the Responsible Entity**

During the period under review \$27,127 (2006: \$24,283) was paid to Blaxland Vineyards Limited from St Magnus Vineyard Property Trust as charges to manage the Trust.

#### **Number of Interests held by the Responsible Entity**

The following units are held by Blaxland Vineyards Limited and its associates:

- Vineyard Properties Pty Limited 2 growers interests

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

The Trust owns the property known as lot 299 and 300 in DP49220 Adelaide at Mannum Road Birdwood, South Australia. The Trust acquired the property, which is held by the Custodian for \$1,660,000 plus costs of acquisition. In accordance with the requirements of the Compliance Plan governing the Trust, the property was revalued in January 2007 by Colin Gaetjens, who valued the unimproved property at \$1,750,000. The property value shown in the Trust accounts is \$1,790,800, which represents the cost of the property including acquisition costs. The board have not adopted the new value as the difference of \$40,800 is considered immaterial.

The improvements to the property consisting of a 96.8 hectare vineyard are currently the property of the growers in their respective interests.

#### **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 2007, other than noted below, that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 30 June 2007, of the entity constituted by the St Magnus Vineyard Property Trust;
- b) the result of those operations; or
- c) the state of affairs, in financial years subsequent to 30 June 2007, of the entity, other than:

**ST MAGNUS VINEYARD PROPERTY TRUST**

**THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT**

**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 a 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

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**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  
F 61 2 9251 7138  
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



# ST MAGNUS VINEYARD PROPERTY TRUST

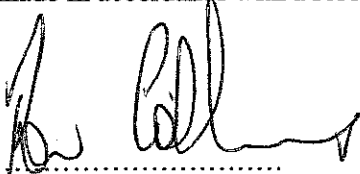
## DIRECTORS' DECLARATION

The directors of the Blaxland Vineyards Limited, the Responsible Entity for St Magnus Vineyard Property Trust, declare that:

1. The financial statements and notes of the St Magnus Vineyard 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 2007 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: 18 September 2007

ST MAGNUS VINEYARD PROPERTY TRUST

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenues from continuing operations	2	138,302	80,548
Expenses from continuing operations	3	138,302	80,548
<b>Profit before income tax</b>		<hr/>	<hr/>
Income tax expense	1	-	-
<b>Profit for the year</b>		<hr/>	<hr/>

The accompanying notes form part of these financial statements

**ST MAGNUS VINEYARD PROPERTY TRUST**

**BALANCE SHEET  
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash assets	4	2,518	50,610
Receivables	5	69,663	734
Other financial assets	6	4,883	1,882
<b>TOTAL CURRENT ASSETS</b>		<u>77,064</u>	<u>53,226</u>
<b>NON-CURRENT ASSETS</b>			
Receivables	5	1,020,912	-
Property, plant and equipment	7	1,790,800	1,790,800
Other financial assets	8	-	401,987
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,811,712</u>	<u>2,192,787</u>
<b>TOTAL ASSETS</b>		<u>2,888,776</u>	<u>2,246,013</u>
<b>CURRENT LIABILITIES</b>			
Payables	9	97,976	55,213
<b>TOTAL CURRENT LIABILITIES</b>		<u>97,976</u>	<u>55,213</u>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing liabilities	10	1,000,000	400,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>1,000,000</u>	<u>400,000</u>
<b>TOTAL LIABILITIES</b>		<u>1,097,976</u>	<u>455,213</u>
<b>NET ASSETS</b>		<u>1,790,800</u>	<u>1,790,800</u>
<b>EQUITY</b>			
Contributed equity		<u>1,790,800</u>	<u>1,790,800</u>

The accompanying notes form part of these financial statements

# ST MAGNUS VINEYARD PROPERTY TRUST

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

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2006			
	Note	Contributed Equity \$	Total \$
Balance at 1 July 2005		1,790,800	1,790,800
Profit attributable to unitholders		-	-
<b>Balance at 30 June 2006</b>		<u>1,790,800</u>	<u>1,790,800</u>
2007			
	Note	Contributed Equity \$	Total \$
Balance at 1 July 2006		1,790,800	1,790,800
Profit attributable to unitholders		-	-
<b>Balance at 30 June 2007</b>		<u>1,790,800</u>	<u>1,790,800</u>

The accompanying notes form part of these financial statements

**ST MAGNUS VINEYARD PROPERTY TRUST**

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

	2007 \$	2006 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	80,789
Payment to suppliers	(1,050,672)	(5,980)
Interest paid	(60,772)	(26,454)
<b>Net cash (outflow) from operating activities</b>	<b>(1,111,444)</b>	<b>48,355</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Amounts received on repayments	-	436
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>436</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/(repayment of) borrowings – related parties	463,352	-
Proceeds from borrowings - external	600,000	-
<b>Net cash inflow from financing activities</b>	<b>1,063,352</b>	<b>-</b>
Net (decrease) increase in cash held	(48,092)	48,791
Cash at Beginning of Financial Year	50,610	1,819
<b>Cash at end of year</b>	<b>2,518</b>	<b>50,610</b>

**NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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	2,518	50,610
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**Reconciliation of profit income tax to net cash inflow from operating activities**

Profit for the year	-	-
Changes in assets and liabilities		
(Increase)/Decrease in current receivables	(111,463)	241
(Increase)/Decrease in other current assets	(17,876)	76
Increase/(Decrease) in payables	63,090	48,038
(Increase)/Decrease in non current receivables	(1,020,912)	-
Increase/(Decrease) in income in advance	(24,283)	-
<b>Net cash (outflow) from operating activities</b>	<b>(1,111,444)</b>	<b>48,355</b>

The accompanying notes form part of these financial statements

## ST MAGNUS VINEYARD PROPERTY TRUST

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

#### 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 Trust 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 valued at fair value. All real property held by 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.

#### **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 of bank overdrafts.

#### **Revenue**

Rental income is brought to account on an accruals basis.

#### **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.

#### **Goods and Services Tax (GST)**

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

**ST MAGNUS VINEYARD PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- rent from growers	54,291	45,655
- loan charges frost system	84,011	34,893
<b>Total revenue</b>	<u>138,302</u>	<u>80,548</u>
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>Profit from continuing operations before income tax has been determined after:</b>		
<b>Expenses:</b>		
Management charges	27,127	24,283
Compliance Committee charges	3,500	3,500
Interest	60,771	26,454
Borrowing costs	20,238	8,099
Other	17,966	12,212
Remuneration of auditor		
- audit	6,540	6,000
- other services	2,160	-
	<u>138,302</u>	<u>80,548</u>
<b>4. CASH</b>		
Cash in Trust bank account	<u>2,518</u>	<u>50,610</u>
<b>5. RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	54,545	274
Other	15,118	460
	<u>69,663</u>	<u>734</u>
<b>Non Current</b>		
Trade debtors	<u>1,020,912</u>	<u>-</u>
<b>6. OTHER CURRENT FINANCIAL ASSETS</b>		
Prepayments	<u>4,883</u>	<u>1,882</u>
	<u>4,883</u>	<u>1,882</u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at fair value	<u>1,790,800</u>	<u>1,790,800</u>
<p>An independent valuation was performed by Colin Gaetjens, Wine Industry Valuer F.A.P.I. (Val, P&amp;M) R.E.I.V. (Aust) A.R.E.I. in February 2007. The property inclusive of the land on an unimproved basis and buildings was valued at \$1,750,000. The board have not adopted the new value as the difference of \$40,800 is considered immaterial</p>		

**ST MAGNUS VINEYARD PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>8. OTHER NON CURRENT FINANCIAL ASSETS</b>		
Loan to Blaxland Vineyards Limited	-	401,987
	<hr/>	<hr/>
<b>9. PAYABLES</b>		
<b>Current</b>		
Trade Creditors	4,543	-
Sundry Creditors	32,068	30,930
Deferred income	-	24,283
Loan from Blaxland Vineyards Limited	61,365	-
	<hr/>	<hr/>
	97,976	55,213
	<hr/>	<hr/>
<b>10. INTEREST BEARING LIABILITIES</b>		
<b>Non current</b>		
Bank Loans-Secured	1,000,000	400,000
Fully secured by the real estate owned by the Trust.	<hr/>	<hr/>

**11. SEGMENT REPORTING**

The Trust operates in the viticultural industry of Australia.

**12. 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.

(i) St Magnus Vineyard Property Trust 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) Charges retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$27,127 (\$2006: \$24,283). The Responsible Entity or its associate holds 14,800 units in the 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:

**ST MAGNUS VINEYARD PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2007	2006	2007	2006
	%	%	\$	\$
<b>Financial Assets</b>				
Cash	-	-	2,518	50,610

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

**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 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 balance sheet and in the notes to and forming part of the financial statements.

**14. SUBSEQUENT EVENTS**

There are no subsequent events to year end.

**15. THE PROPERTY TRUST**

The St Magnus Vineyard Property Trust (ARSN 091 135 116) 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 AUDIT REPORT  
TO THE RESPONSIBLE ENTITY OF  
ST MAGNUS VINEYARD PROPERTY TRUST**

**Scope**

We have audited financial report of St Magnus Vineyard Project for the financial year ended 30 June 2007 as set out on pages 7 to 14.

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 members of 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 property trust'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 St Magnus Vineyard 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 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

# ST MAGNUS VINEYARD PROPERTY TRUST

## DIRECTORY

### **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

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

Nexia Court & Co Chartered Accountants

Australia Square

Level 29, 264 George Street

Sydney NSW 2000

### **Property Location**

Adelaide Mannum Road

BIRDWOOD SA 5234

### **Property Trust Administration**

Blaxland Vineyards Limited

PO Box 737

MAITLAND NSW 2320