

ST MAGNUS
VINEYARD PROPERTY
TRUST

ARSN 091 135 116

Report on the Trust at
30 June 2004

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 2004. 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 Roland MacKenzie (Appointed 8 June 2004)
Ronald Malcolm Collins
Philip James Slee
Robert John Gibson

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 2004 was the continued ownership of the St Magnus Vineyard Property. The property will be held by the Trust for a term of 15 years from 30 June 2000.

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 \$125.00 (2003: \$265.00) 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 2004 is \$600,000 (2003: \$350,000).

Likely Developments

At the time of writing this report, the whole vineyard had been developed and planted. We do not envisage acquiring further properties.

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, 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 2004 there were 242 growers interest in the Trust (2003: 242). Each interest represents 7400 units in the Trust. No units were issued or redeemed in the current year.

Fees Paid to the Responsible Entity

During the period under review \$12,093 (2003: \$29,647) was paid to Blaxland Vineyards Limited from St Magnus Vineyard Property Trust as fees 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 November 2003 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.

ST MAGNUS VINEYARD PROPERTY TRUST

THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

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 2004 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 30 June 2004, of the economic 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 2004, of the economic entity.

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 Malcolm Collins
Director

Philip James Slee
Director

Dated: 24 September 2004

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 2004 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 Malcolm Collins

Director
Philip James Slee

Dated: 24 September 2004

ST MAGNUS VINEYARD PROPERTY TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
Revenues from ordinary activities	2	31,830	68,730
Expenses from ordinary activities	3	(31,830)	(68,730)
Profit from ordinary activities before income tax expense		-	-
Income tax expense relating to ordinary activities	1	-	-
Profit from ordinary activities after income tax expense		-	-
Net profit		-	-

The accompanying notes form part of these financial statements

ST MAGNUS VINEYARD PROPERTY TRUST

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	4	3,984	129,914
Receivables	5	224	701
Other financial assets	6	608,011	219,510
TOTAL CURRENT ASSETS		<u>612,219</u>	<u>350,125</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,790,800	1,790,800
TOTAL NON-CURRENT ASSETS		<u>1,790,800</u>	<u>1,790,800</u>
TOTAL ASSETS		<u>2,403,018</u>	<u>2,140,925</u>
CURRENT LIABILITIES			
Payables	8	12,218	125
Interest-bearing liabilities	9	200,000	-
TOTAL CURRENT LIABILITIES		<u>212,218</u>	<u>125</u>
NON CURRENT LIABILITIES			
Interest-bearing liabilities	9	400,000	350,000
TOTAL NON CURRENT LIABILITIES		<u>400,000</u>	<u>350,000</u>
TOTAL LIABILITIES		<u>612,218</u>	<u>350,125</u>
NET ASSETS		<u>1,790,800</u>	<u>1,790,800</u>
EQUITY			
Contributed equity	10	<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 CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental income	37,050	68,730
Payment to suppliers	(22,538)	(71,257)
Net cash provided by (used in) operating activities	<u>9,292</u>	<u>(2,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts advanced to related parties	(385,222)	(221,782)
Net cash used in investing activities	<u>(385,222)</u>	<u>(221,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	250,000	350,000
Net cash provided by (used in) financing activities	<u>250,000</u>	<u>350,000</u>
Net (decrease) increase in cash held	(125,930)	125,691
Cash at Beginning of Financial Year	129,914	4,223
Cash at end of year	<u><u>3,984</u></u>	<u><u>129,914</u></u>

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

Cash at Bank	<u>3,984</u>	<u>129,914</u>
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Reconciliation of cash flows from operations with profit from ordinary activities after income tax

Profit from ordinary activities after tax	-	-
Changes in assets and liabilities		
(Increase)/Decrease in accounts receivable	(2,801)	4,265
(Decrease)/Increase in accounts payable	12,093	(6,792)
Cash flows from operations	<u><u>9,292</u></u>	<u><u>(2,527)</u></u>

The accompanying notes form part of these financial statements

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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 brought to account at cost. 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.

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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 statement of financial position are shown inclusive of GST.

Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the economic entity's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that there are no key differences in the economic entity's accounting policies which will arise from the adoption of the IFRS.

	2004 \$	2003 \$
	<u> </u>	<u> </u>
2. REVENUE		
Operating activities		
- rent from growers	30,250	64,130
- rent from house	1,580	4,600
Total revenue	<u>31,830</u>	<u>68,730</u>
3. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
Expenses:		
Management fees	12,251	30,107
Compliance Committee fees	2,051	3,321
Other	13,128	26,476

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

3. PROFIT FROM ORDINARY ACTIVITIES		
Expenses (cont):		
Remuneration of auditor		
- audit	4,400	5,000
- other services	1,300	1,300
4. CASH		
Cash in Trust bank account	3,984	129,914
5. ACCOUNTS RECEIVABLE		
GST	224	701
6. OTHER CURRENT FINANCIAL ASSETS		
Prepayments	3,279	-
Loan to Blaxland Vineyards Limited	604,732	219,510
	608,011	219,510
7. PROPERTY, PLANT AND EQUIPMENT		
Freehold land – at cost	1,790,800	1,790,800
8. ACCOUNTS PAYABLE		
Current		
Sundry Creditors	12,218	125
9. INTEREST BEARING LIABILITIES		
Current		
Bank Loans-Secured	200,000	-
Non current		
Bank Loans-Secured	400,000	350,000
Fully secured by the real estate owned by the Trust.		
10. CONTRIBUTED EQUITY		
Fully paid units of \$1 in the Trust	1,790,800	1,790,800

11. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

12. FINANCIAL INSTRUMENTS

Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2004	2003	2004	2003
	%	%	\$	\$
Financial Assets				
Cash	-	-	3,984	129,914

Credit Risk

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

The Trust does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the 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 statement of financial position and in the notes to and forming part of the financial statements.

13. THE TRUST

The St Magnus Vineyard Property Trust was constituted under a Trust Deed dated 22 December 1999. The Trust has a fixed term of 15 years. The Trust may be terminated at an earlier date in accordance with clause 6.1 of the Constitution.

ST MAGNUS VINEYARD PROPERTY TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

14. CUSTODIAN

The Custodian is Blaxland Vineyards Limited (ABN 61 067 514 792) of 493 High Street, Maitland, NSW, 2320. This company also holds the title deeds to the vineyard in its name as Custodian of the Trust.

**INDEPENDENT AUDIT REPORT
TO THE RESPONSIBLE ENTITY OF
ST MAGNUS VINEYARD PROPERTY TRUST**

Scope

We have audited the financial statements, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements of St Magnus Vineyard Property Trust for the year ended 30 June 2004. The directors of the Responsible Entity are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Responsible Entity.

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

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

Audit Opinion

In our opinion, the financial report of 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 2004 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

WIDINS
Chartered Accountants
Sydney: September 2004

R E Mayberry
Partner

ST MAGNUS VINEYARD PROPERTY TRUST

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
REVENUES FROM ORDINARY ACTIVITIES		
Rent from Growers	30,250	64,130
Rent from House	1,580	4,600
	<u>31,830</u>	<u>68,730</u>
EXPENDITURE FROM ORDINARY ACTIVITIES		
Accountancy fees	1,630	1,575
Auditor's remuneration	4,400	5,000
Bank fees	(2,288)	2,526
Compliance Committee Fees	2,051	3,322
Company Secretarial	1,000	-
Insurance	-	-
Legal Fees	-	6,044
Maintenance and Repairs	40	12,367
Management fees and expenses	12,251	30,107
Rates	12,746	7,789
	<u>31,830</u>	<u>68,730</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INCOME TAX	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

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 Roland MacKenzie

Ronald Malcolm Collins

Philip James Slee

Robert John Gibson

Independent Accountants and Auditors of the Project

Widins

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Sydney NSW 2000