

**ST MAGNUS
VINEYARD PROPERTY
TRUST**
ARSN 091 135 116

**Report on the Trust at
30 June 2006**

**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 2006. 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. Slee
Robert J. Gibson (resigned 6 June 2006)

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 2006 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 \$189 (2005: \$125) 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 2006 was \$400,000 (2005: \$400,000). This has been increased since 30 June 2006 to \$1,000,000 to enable the installation of the frost protection system across the whole vineyard.

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.

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 2006 there were 242 grower's interests in the Trust (2005: 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 \$24,283 (2005: \$3,326) 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 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.

Australian Equivalents to International Financial Reporting Standards (IFRS)

This report has been prepared under Australian equivalents to IFRS. There are no differences between the Australian equivalents to IFRS and previous GAAP, which applied to 30 June 2005.

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 2006, other than noted below, that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 30 June 2006, 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 2006, of the entity, other than:

In July 2006, the entity entered into a contract to expand its frost protection capability over the entire vineyard at a cost of \$600,000. These funds were provided by a further loan of \$600,000 from the National Australia Bank.

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: September 2006

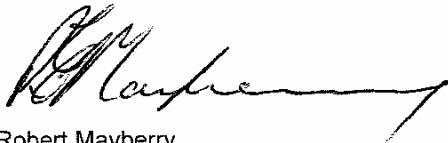
Philip J. Slee
Director

ST MAGNUS VINEYARD PROPERTY TRUST
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 2006, 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.

Pritchard Adams
Chartered Accountants



Robert Mayberry
Partner

25 September 2006

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 2006 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: September 2006

ST MAGNUS VINEYARD PROPERTY TRUST

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

| | Note | 2006 \$ | 2005 \$ |
|--|------|------------|------------|
| Revenues from ordinary activities | 2 | 80,548 | 69,823 |
| Expenses from ordinary activities | 3 | 80,548 | 69,823 |
| 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

BALANCE SHEET AS AT 30 JUNE 2006

| | Note | 2006 \$ | 2005 \$ |
|--------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash assets | 4 | 50,610 | 1,819 |
| Receivables | 5 | 734 | 975 |
| Other financial assets | 6 | 1,882 | 404,381 |
| TOTAL CURRENT ASSETS | | <u>53,226</u> | <u>407,175</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 1,790,800 | 1,790,800 |
| Other financial assets | 8 | 401,987 | - |
| TOTAL NON-CURRENT ASSETS | | <u>2,192,787</u> | <u>1,790,800</u> |
| TOTAL ASSETS | | <u>2,246,013</u> | <u>2,197,975</u> |
| CURRENT LIABILITIES | | | |
| Payables | 9 | 55,213 | 7,175 |
| TOTAL CURRENT LIABILITIES | | <u>55,213</u> | <u>7,175</u> |
| NON CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 10 | 400,000 | 400,000 |
| TOTAL NON CURRENT LIABILITIES | | <u>400,000</u> | <u>400,000</u> |
| TOTAL LIABILITIES | | <u>455,213</u> | <u>407,175</u> |
| NET ASSETS | | <u>1,790,800</u> | <u>1,790,800</u> |
| EQUITY | | | |
| Contributed equity | 11 | <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 2006

| | 2006 | 2005 |
|--|----------|-----------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 80,789 | 69,072 |
| Payment to suppliers | (5,980) | (45,055) |
| Interest paid | (26,454) | (28,490) |
| Net cash provided by (used in) operating activities | 48,355 | (4,473) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Amounts received on repayments | 436 | 202,308 |
| Net cash provided by (used in) investing activities | 436 | 202,308 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | - | (200,000) |
| Net cash provided by (used in) financing activities | - | (200,000) |
| Net (decrease) increase in cash held | 48,791 | (2,165) |
| Cash at Beginning of Financial Year | 1,819 | 3,984 |
| Cash at end of year | 50,610 | 1,819 |

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 | 50,610 | 1,819 |
|--------------|--------|-------|

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 receivables | 241 | (751) |
| (Increase)/Decrease in other current assets | 76 | 1,321 |
| (Decrease)/Increase in payables | 48,038 | (5,043) |
| Cash flows from operations | 48,355 | (4,473) |

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 2006

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.

This is the first financial report prepared under Australian equivalents to IFRS. The accounting policies applied are consistent with those applied in the June 2005 annual report even though that report was presented under previous Australian Generally Accepted Accounting Principles (GAAP).

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

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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 statement of financial position are shown inclusive of GST.

Australian Equivalents to International Financial Reporting Standards

This report has been prepared under Australian equivalents to IFRS. There are no differences between the Australian equivalents to IFRS and previous GAAP, which applied to 30 June 2005.

| | <u>2006</u> \$ | <u>2005</u> \$ |
|---|-------------------|-------------------|
| 2. REVENUE | | |
| Operating activities | | |
| - rent from growers | 45,655 | 30,250 |
| - loan charges frost system | 34,893 | 39,573 |
| Total revenue | <u>80,548</u> | <u>69,823</u> |
| 3. PROFIT FROM ORDINARY ACTIVITIES | | |
| Profit from ordinary activities before income tax has been determined after: | | |
| Expenses: | | |
| Management charges | 24,283 | 3,326 |
| Compliance Committee charges | 3,500 | 3,665 |
| Interest | 26,454 | 28,490 |
| Borrowing costs | 8,099 | 11,267 |
| Other | 12,212 | 12,675 |

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

| 3. PROFIT FROM ORDINARY ACTIVITIES | 2006 | 2005 |
|---|-----------|-----------|
| | \$ | \$ |
| Expenses (cont): | | |
| Remuneration of auditor | | |
| - audit | 6,000 | 9,800 |
| - other services | - | 600 |
| | 80,548 | 69,823 |
| 4. CASH | | |
| Cash in Trust bank account | 50,610 | 1,819 |
| 5. RECEIVABLES | | |
| Trade debtors | 274 | 549 |
| Other | 460 | 426 |
| | 734 | 975 |
| 6. OTHER CURRENT FINANCIAL ASSETS | | |
| Prepayments | 1,882 | 1,958 |
| Loan to Blaxland Vineyards Limited | - | 402,423 |
| | 1,882 | 404,381 |
| 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Freehold land – at fair value | 1,790,800 | 1,790,800 |
| <p>The vineyard was revalued in November 2003. An independent valuation was performed by Colin Gaetjens Valuer and Auctioneer R.E.I.V. (Aust) A.R.E.I., F.S.A.A. 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> | | |
| 8. OTHER NON CURRENT FINANCIAL ASSETS | | |
| Loan to Blaxland Vineyards Limited | 401,987 | - |
| 9. PAYABLES | | |
| Current | | |
| Sundry Creditors | 30,930 | 7,175 |
| Deferred income | 24,283 | - |
| | 55,213 | 7,175 |
| 10. INTEREST BEARING LIABILITIES | | |
| Non current | | |
| Bank Loans-Secured | 400,000 | 400,000 |
| Fully secured by the real estate owned by the Trust. | | |

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

| | 2006 | 2005 |
|--------------------------------------|-----------|-----------|
| | \$ | \$ |
| 11. CONTRIBUTED EQUITY | | |
| Fully paid units of \$1 in the Trust | 1,790,800 | 1,790,800 |

12. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

13. 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.

Charges retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$24,283 (\$2005: \$3,326). The Responsible Entity or its associate holds 14,800 units in the property trust.

14. 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 2006

| | Weighted Average | | Floating Interest Rate | |
|-------------------------|-------------------------|------|------------------------|-------|
| | Effective Interest Rate | | 2006 | 2005 |
| | 2006 | 2005 | \$ | \$ |
| | % | % | | |
| Financial Assets | | | | |
| Cash | - | - | 50,610 | 1,819 |

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2006 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.

15. SUBSEQUENT EVENTS

The entity has entered into a contract in July 2006 to further construct a frost protection system that covers the entire vineyard with works completed by early September 2006. The decision to upgrade the frost protection system was ratified by a growers meeting held in July 2006. The costs are in the order of \$600,000 and have been financed by an additional loan facility of \$600,000, issued in July 2006 from the National Australia Bank.

16. 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 the financial statements, being the Income Statement, Balance Sheet, Cash Flow Statement and Notes to and forming part of the Financial Statements of St Magnus Vineyard Property Trust for the year ended 30 June 2006. 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 in Australia 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.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 5 of the financial report, has not changed 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 2006 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.



PRITCHARD ADAMS
Chartered Accountants
Sydney: 25 September 2006



R E Mayberry
Partner

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

Pritchard Adams

Level 9

10 Barrack Street

Sydney NSW 2000

Property Location

Adelaide Mannum Road

BIRDWOOD SA 5234

Property Trust Administration

Blaxland Vineyards Limited

PO Box 737

MAITLAND NSW 2320