

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

Report for the half-year  
ended 31 December 2003

Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792

# ST MAGNUS VINEYARD PROPERTY TRUST

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# ST MAGNUS VINEYARD PROPERTY TRUST

## REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

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### Chairman's Report

11 March 2004

The trust owns a 119.2 hectare property at Birdwood which was acquired in May 2000 in connection with the St Magnus Vineyard Project Prospectus. Of the total property, 97 hectares has now been trellised, irrigated and planted to vines. The property also has a 230 megalitre dam and rights to bore water under the property.

The property was mortgaged to the National Australia Bank last year as agreed by unit holders at a special meeting. The trust raised \$600,000 which was loaned to Blaxland to install a frost mitigation system. Growers will be progressively paying for the system over the next 3 years to repay the loan.

In addition the property has a 3 bedroom cottage which is currently being made available to Nepenthe Wines to ensure a vineyard staff member is on the property at all times.

The property has recently been valued by Colin Gaetjens Pty Limited who are experts in the valuation of wine industry assets. The valuation totals \$5,700,000 which is equivalent to \$23,553 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.

The next field day will be in October 2004 and details will be forwarded to you soon.

**R.M. Collins**

Chairman

Blaxland Vineyards Limited

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2003**

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Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the half year ended 31 December 2003. The following persons held office as directors during the financial period and to the date of this report.

Mr Ron Collins  
Mr Philip Slee  
Mr Robert John Gibson

**Financial Highlights**

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

**Review of Operations**

The St Magnus Vineyard Property Trust continued the ownership and management 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 Trust has no borrowings.

The Trustee 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 \$30,250 per year. The funds will be used to maintain the Trust, the Trust's property and pay a fee to the Manager.

**Principal Activities**

The principal activities of the Trust are the ownership and management of a 97 hectare vineyard in the Adelaide Hills near Birdwood South Australia.

**Distributions Paid**

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

**Significant Changes in State of Affairs**

There has been no significant change in the trust's state of affairs during the period.

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2003**

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**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 31 December 2003 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 31 December 2003, 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 31 December 2003, of the economic entity.

**Future Developments**

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

**Environmental Regulation**

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**

During the half year there were no units issued in the Trust. At the 31 December 2003 there were 242 unit holders in the Trust.

**Fees Paid to the Responsible Entity**

During the half year under review \$8,598 was credited to Blaxland Vineyards Limited as fees to manage the trust. These funds had been received by St Magnus Vineyard Property Trust from growers by way of land rental. These funds were expensed in the management of the Trust. Blaxland Vineyards Limited or its associates holds 2 units in the trust.

**Value of Project Property**

The Trust owns the property known as lot 299 and 300 in DP49220 Adelaide to Mannum Road Birdwood, South Australia. The Trust acquired the property, which is held by the Custodian for \$1,660,000. The Responsible Entity considers that the value of the property is still \$1,660,000, bare. The improvements to the property consisting of a 97 hectare vineyard are currently the property of the growers in their respective interest.

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2003**

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**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: 11 March 2004

# ST MAGNUS VINEYARD PROPERTY TRUST

## DIRECTORS' DECLARATION

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The directors of the Blaxland Vineyards Limited, the Manager of St Magnus Vineyard Property Trust, declare that the financial statements and notes:

- (a) comply with Australian Accounting Standards AASB 1029: Interim Financial Reporting and the Corporations Regulations;
  - (b) give a true and fair view of the projects financial position as at 31 December 2003 and its performance for the half year ended on that date;
1. In our 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 of the Responsible Entity.

**Director** .....

Ronald Malcolm Collins

**Director** .....

Philip James Slee

Dated: 11 March 2004

**ST MAGNUS VINEYARD PROPERTY TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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	Note	31 December 2003 \$	31 December 2002 \$
<b>CLASSIFICATION OF EXPENSES BY NATURE</b>			
Revenues from ordinary activities	2	16,705	34,465
Expenses from ordinary activities	3	16,705	(34,465)
<b>Profit from ordinary activities before income tax expense</b>		-	-
Income tax expense relating to ordinary activities	1	-	-
<b>Profit from ordinary activities after income tax expense</b>		-	-

The accompanying notes form part of these financial statements

# ST MAGNUS VINEYARD PROPERTY TRUST

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

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		<b>31 December 2003</b>	<b>30 June 2003</b>
	Note		\$
<b>CURRENT ASSETS</b>			
Cash Assets	4	4,385	129,914
Receivables	5	1,738	701
Other Financial Assets	6	<u>594,358</u>	<u>219,510</u>
<b>TOTAL CURRENT ASSETS</b>		<u>600,481</u>	<u>350,125</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	<u>1,790,800</u>	<u>1,790,800</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>1,790,800</u>	<u>1,790,800</u>
<b>TOTAL ASSETS</b>		<u>2,391,281</u>	<u>2,140,925</u>
<b>CURRENT LIABILITIES</b>			
Payables	8	<u>481</u>	<u>125</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>481</u>	<u>125</u>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing liabilities	9	<u>600,000</u>	<u>350,000</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>600,000</u>	<u>350,000</u>
<b>TOTAL LIABILITIES</b>		<u>600,481</u>	<u>350,125</u>
<b>NET ASSETS</b>		<u>1,790,800</u>	<u>1,790,800</u>
<b>UNITHOLDERS' EQUITY</b>			
Units issued	10	<u>1,790,800</u>	<u>1,790,800</u>

# ST MAGNUS VINEYARD PROPERTY TRUST

## STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	31 Dec 2003 \$	31 Dec 2002 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Rental income	16,705	72,943
Payment to suppliers	(26,529)	(11,555)
<b>Net cash provided by (used in) operating activities</b>	<b>(9,824)</b>	<b>61,388</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) loan to related party	(365,705)	(50,000)
<b>Net cash provided by (used in) investing activities</b>	<b>(365,705)</b>	<b>(50,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	250,000	-
<b>Net cash provided by (used in) financing activities</b>	<b>250,000</b>	<b>-</b>
Net increase/(decrease) in cash held	(125,529)	11,388
Cash at beginning of period	129,914	4,223
<b>Cash at end of period</b>	<b>4,385</b>	<b>15,611</b>
<b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
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	4,385	15,611
<b>Reconciliation of cash flows from operations with operating profit after tax:</b>		
Operating Profit after tax	-	-
Non cash flows in operating profit	-	21,889
Changes in assets and liabilities		
Increase/(decrease) in accounts payable	357	5,897
(Increase)/decrease in prepayments	(9,143)	1,537
(Increase)/decrease in other receivables	(1,038)	32,065
<b>Cash flows from operations</b>	<b>(9,824)</b>	<b>61,388</b>

# ST MAGNUS VINEYARD PROPERTY TRUST

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are General Purpose Accounts and have been prepared in accordance with the Accounting Standard AASB1029: Interim Financial Reporting Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 and the requirements of the Trust 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 2003.

For the purpose of preparing this half-year financial report, the half-year has been treated as a discrete reporting period.

#### **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 HALF YEAR ENDED 31 DECEMBER 2003

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### 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.

	<b>31 Dec 2003 \$</b>	<b>31 Dec 2002 \$</b>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- rent from growers	15,125	32,065
- rent from house	1,580	2,400
<b>Total revenue</b>	<b>16,705</b>	<b>34,465</b>
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>Profit from ordinary activities before income tax has been determined after: Expenses:</b>		
Accounting fees	230	-
Bank fees	(1,126)	-
Interest expense	(1,284)	-
Management fees	8,756	20,209
Compliance Committee fees	956	1,919
Maintenance and Repairs	-	6,165
Legal Fees	-	-
Rates	6,373	3,429
Remuneration of auditor		
- audit	2,800	2,600
- other	-	125
Other Charges	-	17
	<b>16,705</b>	<b>34,465</b>

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	<b>31 Dec 2003</b>	<b>30 Jun 2003</b>
	<u>\$</u>	<u>\$</u>
<b>4. CASH</b>		
Cash in Custodial bank account	<u>4,385</u>	<u>129,914</u>
<b>5. RECEIVABLES</b>		
GST receivable	<u>1,738</u>	<u>701</u>
<b>6. OTHER FINANCIAL ASSETS</b>		
Prepayments	9,143	-
Loan to Blaxland Vineyards Limited	<u>585,215</u>	<u>219,510</u>
	<u>594,358</u>	<u>219,510</u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at cost	<u>1,790,800</u>	<u>1,790,800</u>
<b>8. PAYABLES</b>		
<b>Current</b>		
Sundry creditors	<u>481</u>	<u>125</u>
<b>9. NON-CURRENT INTEREST BEARING LIABILITIES</b>		
Bank Loans – Secured	<u>600,000</u>	<u>350,000</u>
Fully secured by the real estate owned by the Trust.		
<b>10. UNITS ON ISSUE</b>		
Fully paid units of \$1 in the Trust	<u>1,790,800</u>	<u>1,790,800</u>

#### 11. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

#### 12. 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.

#### 13. TRUSTEE/RESPONSIBLE ENTITY

The Responsible Entity is Blaxland Vineyards Limited (ACN 067 514 792 ) of 493 High Street, Maitland, NSW, 2320 who act as trustee for the Trust and who are self custodial.

# INDEPENDENT AUDIT REPORT TO THE TRUSTEES OF ST MAGNUS VINEYARD PROPERTY TRUST

## **Scope**

We have audited the financial statements, being the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and notes to and forming part of the financial statements of St Magnus Vineyard Property Trust for the half year ended 31 December 2003. The directors of the trustee company 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 Trustees, so as to enable the disclosing entity to lodge the financial report with the Australian Securities and Investment Commission.

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 AASB 1029 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 statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of St Magnus Property Trust as at 31 December 2003 and the results of its operations and cash flows for the half year ended.

**WIDINS**  
**Chartered Accountants**

**R E Mayberry**  
**Partner**

Sydney:

# ST MAGNUS VINEYARD PROPERTY TRUST

## 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**

Ronald Malcolm Collins

Philip James Slee

Robert John Gibson

### **Custodian**

Blaxland Vineyards Limited

493 High Street

Maitland NSW 2320

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

Widins

Level 15, 17 Castlereagh Street

Sydney, NSW, 2000