

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

Report for the half-year  
ended 31 December 2005

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 2005

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### Chairman's Report

6 March 2006

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 on which Growers have developed their vineyard allotments. 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 in 2003 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 have already reduced this debt to \$400,000. Further reductions will be made when profitability from the vineyard allows.

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

The property was last valued in January 2004 by Colin Gaetjens Pty Limited who are experts in the valuation of wine industry assets. The valuation totalled \$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. An updated valuation will be carried in December 2006.

**Neil MacKenzie**  
**Chairman**  
**Blaxland Vineyards Limited**

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2005**

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Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the half year ended 31 December 2005. The following persons held office as directors during the financial period and to the date of this report.

Neil R. MacKenzie - Chairman  
Ronald M. Collins  
Philip J. Slee  
Robert J. 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 borrowed \$400,000 (2004 \$400,000) to assist growers to install a frost protection system. This loan will be repaid over the next two years.

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 \$69,938 (2004 \$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 2005**

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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 2005 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 31 December 2005, 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 2005, 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 2005 there were 242 unit holders in the Trust.

**Fees Paid to the Responsible Entity**

During the half year under review \$25,301 (2004:\$1,946) 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 total acquisition cost of the property, which is held by the Custodian (Blaxland) is \$1,790,000. The Responsible Entity considers that the value of the property is \$1,750,000, bare as set out in the valuation by Colin Gaetjens Pty Limited dated January 2004. 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 2005**

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**Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS)**

This interim 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.

**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**

**Philip J. Slee**  
**Director**

Dated: 6 March 2006

# ST MAGNUS VINEYARD PROPERTY TRUST

## DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out:

- (a) comply with Australian Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations;
- (b) give a true and fair view of the projects financial position as at 31 December 2005 and its performance for the half year ended on that date;

2. 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 M. Collins

**Director** .....  
Philip J. Slee

Dated: 6 March 2006

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**AUDITORS' INDEPENDENCE DECLARATION**

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**ST MAGNUS VINEYARD PROPERTY TRUST**

**INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

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	Note	31 December 2005 \$	31 December 2004 \$
Revenues from ordinary activities	2	51,742	39,884
Expenses from ordinary activities	3	(51,742)	(39,884)
		-	-
<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

## BALANCE SHEET AS AT 31 DECEMBER 2005

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	Note	31 December 2005 \$	30 June 2005 \$
<b>CURRENT ASSETS</b>			
Cash Assets	4	24,855	1,819
Receivables	5	274	975
Other Financial Assets	6	403,928	404,381
<b>TOTAL CURRENT ASSETS</b>		<u>429,057</u>	<u>407,175</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,790,800	1,790,800
<b>TOTAL NON CURRENT ASSETS</b>		<u>1,790,800</u>	<u>1,790,800</u>
<b>TOTAL ASSETS</b>		<u>2,219,857</u>	<u>2,197,975</u>
<b>CURRENT LIABILITIES</b>			
Payables	8	29,057	7,175
<b>TOTAL CURRENT LIABILITIES</b>		<u>29,057</u>	<u>7,175</u>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing liabilities	9	400,000	400,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>400,000</u>	<u>400,000</u>
<b>TOTAL LIABILITIES</b>		<u>429,057</u>	<u>407,175</u>
<b>NET ASSETS</b>		<u>1,790,800</u>	<u>1,790,800</u>
<b>EQUITY</b>			
Contributed Equity	10	1,790,800	1,790,800

The accompanying notes form part of these financial statements

## ST MAGNUS VINEYARD PROPERTY TRUST

### CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	31 Dec 2005	31 Dec 2004
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	53,044	67,743
Payment to suppliers	(30,438)	(44,456)
<b>Net cash inflow from operating activities</b>	22,606	23,287
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment /(Increase) loan to related party	430	210,000
<b>Net cash inflow/(outflow) from investing activities</b>	430	210,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/proceeds from borrowing	-	(200,000)
<b>Net cash (outflow) from financing activities</b>	-	(200,000)
Net increase/(decrease) in cash held	23,036	33,287
Cash at beginning of financial period	1,819	3,984
<b>Cash at end of financial period</b>	24,855	37,271

#### NOTES TO THE CASH FLOW STATEMENT

##### Reconciliation of Cash

Cash 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	24,855	37,271
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##### Reconciliation of cash flows from operations with operating profit after tax:

Operating Profit after tax	-	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	701	(17,561)
Increase in accounts payable	21,882	37,346
(Increase)/decrease in prepayments	23	3,279
(Increase)/decrease in other current assets	-	223
<b>Net cash inflow from operating activities</b>	22,606	23,287

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 HALF YEAR ENDED 31 DECEMBER 2005

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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 AASB134: 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 Trusts Constitution.

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 GAAP.

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 2005.

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.

#### **Property, Plant and Equipment**

Each class of property plant and equipment is carried at cost, less where applicable any accumulated depreciation.

#### *Property*

Freehold land and buildings are measured 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 cash flow statement, 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.

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

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#### 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.

#### Impairment of Assets

At each reporting date, the Trustee reviews the carrying value of the tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

	<b>31 Dec 2005</b>	<b>31 Dec 2004</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- rent from growers	34,969	15,125
- loan charges frost system	16,773	24,759
<b>Total revenue</b>	<b>51,742</b>	<b>39,884</b>

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	<b>31 Dec 2005</b>	<b>31 Dec 2004</b>
	\$	\$
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>Profit from ordinary activities before income tax has been determined after:</b>		
<b>Expenses:</b>		
Accounting fees	-	(58)
Bank fees	118	118
Commercial bill charges	10,170	15,599
Interest expense	6,626	9,160
Management fees	25,301	1,946
Compliance Committee fees	1,750	1,531
Rates	5,807	5,588
Remuneration of auditor		
- audit	1,970	6,000
- other	-	-
	<u>51,742</u>	<u>39,884</u>
	<b>31 Dec 2005</b>	<b>30 Jun 2005</b>
	\$	\$
<b>4. CASH</b>		
Cash in Custodial bank account	<u>24,855</u>	<u>1,819</u>
<b>5. RECEIVABLES</b>		
Trade debtors	274	549
GST receivable	-	426
	<u>274</u>	<u>975</u>
<b>6. OTHER FINANCIAL ASSETS</b>		
Prepayments	1,935	1,958
Loan to Blaxland Vineyards Limited	401,993	402,423
	<u>403,928</u>	<u>404,381</u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at cost	<u>1,790,800</u>	<u>1,790,800</u>

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	31 Dec 2005 \$	30 Jun 2005 \$
<b>8. PAYABLES</b>		
<b>Current</b>		
Income in advance	600	-
GST payable	6	-
Sundry creditors	28,451	7,175
	<u>29,057</u>	<u>7,175</u>
<b>9. INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Bank Loans – Secured	<u>-</u>	<u>-</u>
<b>Non-Current</b>		
Bank Loans – Secured	<u>400,000</u>	<u>400,000</u>
<b>10. CONTRIBUTED EQUITY</b>		
Fully paid units of \$1 each 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 REVIEW 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 2005. 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 2005 and the results of its operations and cash flows for the half year ended.

**PRITCHARD ADAMS**  
**Chartered Accountants**

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

Sydney:        xx March 2006

# 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 M. Collins

Philip J. Slee

Robert J. Gibson

Neil R. MacKenzie

### **Custodian**

Blaxland Vineyards Limited

493 High Street

Maitland NSW 2320

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

Pritchard Adams

Level 9, 10 Barrack Street

Sydney, NSW, 2000