

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

Report for the half-year  
ended 31 December 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**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2006**

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Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the half year ended 31 December 2006. 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

**Financial Highlights**

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

**Review of Operations**

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 Trust has borrowings of \$1,000,000 (2005 \$400,000), which have been used to fund a frost protection system. This loan is on an “interest only” basis and it is not proposed to repay the principal in the foreseeable future.

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 \$30,008 (2005 \$69,938) per year. The funds will be used to maintain the Trust, the Trust’s property and pay a fee to the Manager.

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.

**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.

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2006**

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**Significant Changes in State of Affairs**

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

**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 2006 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 31 December 2006, 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 2006, 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 2006 there were 242 unit holders in the Trust.

**Fees Paid to the Responsible Entity**

During the half year under review \$18,945 (2005:\$25,301) 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.

**ST MAGNUS VINEYARD PROPERTY TRUST**  
**DIRECTORS REPORT FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2006**

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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 period.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.

**Ronald M. Collins**  
**Director**

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

Dated: 7 March 2007

# 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 2006 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: 7 March 2007

**ST MAGNUS VINEYARD PROPERTY TRUST**

**AUDITOR'S INDEPENDENCE DECLARATION**

**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF THE RESPONSIBLE ENTITY**

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I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2006, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii no contraventions of any applicable code of professional conduct in relation to the audit.



**Pritchard Adams**  
Chartered Accountants



Robert Mayberry  
Partner

8 MARCH, 2007.

**ST MAGNUS VINEYARD PROPERTY TRUST**

**INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

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	Note	<b>31 December 2006 \$</b>	<b>31 December 2005 \$</b>
Revenues from continuing operations	2	70,083	51,742
Expenses from continuing operations	3	70,083	51,742
<b>Profit before income tax</b>		-	-
Income tax expense	1	-	-
<b>Profit for the half year</b>		-	-

The accompanying notes form part of these financial statements

# ST MAGNUS VINEYARD PROPERTY TRUST

## BALANCE SHEET AS AT 31 DECEMBER 2006

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		<b>31 December 2006</b>	<b>30 June 2006</b>
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash Assets	4	20,349	50,610
Receivables	5	14,637	734
Other Financial Assets	6	<u>4,538</u>	<u>1,882</u>
<b>TOTAL CURRENT ASSETS</b>		<u>39,524</u>	<u>53,226</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,790,800	1,790,800
Other Non Current Financial Assets	8	<u>1,013,817</u>	<u>401,987</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>2,804,617</u>	<u>2,192,787</u>
<b>TOTAL ASSETS</b>		<u>2,844,141</u>	<u>2,246,013</u>
<b>CURRENT LIABILITIES</b>			
Payables	9	<u>53,341</u>	<u>55,213</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>53,341</u>	<u>55,213</u>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing liabilities	10	<u>1,000,000</u>	<u>400,000</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>1,000,000</u>	<u>400,000</u>
<b>TOTAL LIABILITIES</b>		<u>1,053,341</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 HALF YEAR ENDED 31 DECEMBER 2006**

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<b>2005</b>			
	Note	Contributed Equity \$	Total \$
Balance at 1 July 2005		1,790,800	1,790,800
Profit attributable to unitholders		-	-
<b>Balance at 31 December 2005</b>		1,790,800	1,790,800
<b>2006</b>			
	Note	Contributed Equity \$	Total \$
Balance at 1 July 2006		1,790,800	1,790,800
Profit attributable to unitholders		-	-
<b>Balance at 31 December 2006</b>		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 2006

	31 Dec 2006	31 Dec 2005
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	55,474	53,044
Payment to suppliers	(45,760)	(30,438)
Borrowing costs paid	(28,145)	
<b>Net cash inflow from operating activities</b>	(18,431)	22,606
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment /(Increase) loan to related party	(611,830)	430
<b>Net cash inflow/(outflow) from investing activities</b>	(611,830)	430
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	600,000	-
<b>Net cash (outflow) from financing activities</b>	600,000	-
Net increase/(decrease) in cash held	(30,261)	23,036
Cash at beginning of financial period	50,610	1,819
<b>Cash at end of financial period</b>	20,349	24,855

### 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	20,349	24,855
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#### Reconciliation of profit after income tax to net cash inflow from operating activities

Profit for the half year	-	-
Changes in assets and liabilities		
Decrease in receivables	72	701
Increase/(decrease) in accounts payable	(4,735)	21,882
(Increase)/decrease in prepayments	(2,656)	23
(Increase) in other current assets	(13,975)	-
Increase in income in advance	2,863	-
<b>Net cash (outflow) inflow from operating activities</b>	(18,431)	22,606

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 2006

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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, 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 2006.

#### **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 revalued 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.

#### **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 HALF YEAR ENDED 31 DECEMBER 2006

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

##### **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 2006</b>	<b>31 Dec 2005</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- rent from growers	27,145	34,969
- loan charges frost system	42,938	16,773
<b>Total revenue</b>	70,083	51,742
<b>3. PROFIT FROM CONTINUING OPERATIONS</b>		
<b>Profit from continuing operations before income tax has been determined after:</b>		
<b>Expenses:</b>		
Bank fees	122	118
Commercial bill charges	12,137	10,170
Interest expense	28,145	6,626
Management fees	18,945	25,301
Compliance Committee fees	1,750	1,750
Rates	5,824	5,807
Remuneration of auditor - audit	3,160	1,970
	70,083	51,742
<b>4. CASH</b>		
Cash in Custodial bank account	20,349	50,610
<b>5. RECEIVABLES</b>		
Trade debtors	274	274
Other receivables	14,363	460
	14,637	734
<b>6. OTHER FINANCIAL ASSETS</b>		
Prepayments	4,538	1,882

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	<b>31 Dec 2006 \$</b>	<b>30 Jun 2006 \$</b>
	<u>          </u>	<u>          </u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at fair value	1,790,800	1,790,800
An independent valuation was performed by Colin Gaetjens, Wine Industry Valuer F.A.P.I (Val, P&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 has not adopted the new value, as the difference of \$40,800 is considered immaterial.		
<b>8. OTHER NON CURRENT FINANCIAL ASSETS</b>		
Loan to Blaxland Vineyards Limited	1,013,817	401,987
<b>9. PAYABLES</b>		
<b>Current</b>		
Trade creditors	3,481	-
Other creditors	22,714	30,930
Income in advance	27,146	24,283
	<u>53,341</u>	<u>55,213</u>
<b>10. INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
<b>Non-Current</b>		
Bank Loans – Secured	1,000,000	400,000
Fully secured by the real estate owned by the Trust		

#### 11. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

#### 12. 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.

**ST MAGNUS VINEYARD PROPERTY TRUST**

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

**Scope**

We have reviewed the financial statements, being the Income Statement, Balance Sheet, Cash Flow Statement and notes to and forming part of the financial statements, included as part of the financial report of St Magnus Vineyard Property Trust for the half year ended 31 December 2006. The directors of the Responsible Entity are responsible for the financial report. We have performed the review of the financial statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial statements are not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, to enable the disclosing entity to lodge the financial statements with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the Responsible Entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, we do not express an audit opinion.

**Independence**

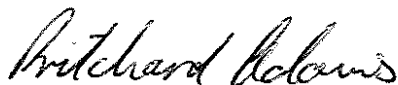
In conducting our review, we followed applicable independence requirements of Australian ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 6 of the financial report has not changed as at the date of providing our review opinion.

**Statement**

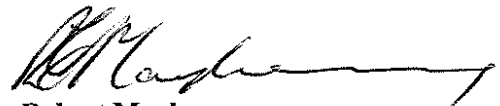
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of St Magnus Vineyard Property Trust is not in accordance with:

- a. the Corporations Act 2001, including giving a true and fair view of the Trust's financial position as at 31 December 2006 and its performance for the half-year then ended; and Accounting Standard AASB 134: Interim Financial Reporting.
- b. other mandatory professional reporting requirements in Australia.



**Pritchard Adams**

Sydney,



**Robert Mayberry**

Partner

Date : 8 MARCH, 2007.

# **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**

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