

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

Report for the half-year  
ended 31 December 2007

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 2007**

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Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the half year ended 31 December 2007. 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 (2006 \$1,000,000), 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 \$30,150 (2006 \$30,008) 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.

**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 2007 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 31 December 2007, 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 2007, of the economic entity.

## ST MAGNUS VINEYARD PROPERTY TRUST

### DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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#### **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 31 December 2007 there were 242 unit holders in the Trust.

#### **Fees Paid to the Responsible Entity**

During the half year under review \$10,161 (2006:\$18,945) 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.

#### **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.

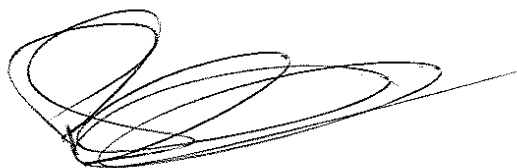
#### **Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 5 and forms part of the director's report for the financial period ended 31 December 2007.

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



**Ronald M. Collins**  
Director



**Philip J. Slee**  
Director

Dated: 3 March 2008

# 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 2001;
- (b) give a true and fair view of the projects financial position as at 31 December 2007 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: 3 March 2008

# NEXIA COURT & CO



CHARTERED  
ACCOUNTANTS

ABN 71 502 156 733

## ST MAGNUS VINEYARD PROPERTY TRUST

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of the responsible entity of St Magnus Vineyard Property Trust:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

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

Nexia Court & Co  
Chartered Accountants

Sydney

Dated: 4 March 2008

Robert Mayberry  
Partner

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Andrew S Hoffmann  
Graeme J Watman  
David R Cust  
Craig J Wilford  
Sean P Urquhart  
Robert Mayberry

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NETWORK OF INDEPENDENT ACCOUNTING  
AND CONSULTING FIRMS.



LIABILITY LIMITED BY A  
SCHEME APPROVED UNDER  
PROFESSIONAL STANDARDS  
LEGISLATION.

**ST MAGNUS VINEYARD PROPERTY TRUST**

**INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

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	Note	<b>31 December 2007 \$</b>	<b>31 December 2006 \$</b>
Revenues	2	62,625	70,083
Expenses	3	62,625	70,083
<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 2007**

	Note	<b>31 December 2007</b>	<b>30 June 2007</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	9,840	2,518
Trade and other receivables	5	54,636	69,663
Other assets	6	<u>12,038</u>	<u>4,883</u>
<b>TOTAL CURRENT ASSETS</b>		<u><u>76,514</u></u>	<u><u>77,064</u></u>
<b>NON CURRENT ASSETS</b>			
Other receivables	5	1,020,912	1,020,912
Property, plant and equipment	7	<u>1,790,800</u>	<u>1,790,800</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u><u>2,811,712</u></u>	<u><u>2,811,712</u></u>
<b>TOTAL ASSETS</b>		<u><u>2,888,226</u></u>	<u><u>2,888,776</u></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	82,543	97,976
Deferred revenue	9	<u>14,883</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><u>97,426</u></u>	<u><u>97,976</u></u>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing liabilities	10	<u>1,000,000</u>	<u>1,000,000</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
<b>TOTAL LIABILITIES</b>		<u><u>1,097,426</u></u>	<u><u>1,097,976</u></u>
<b>NET ASSETS</b>		<u><u>1,790,800</u></u>	<u><u>1,790,800</u></u>
<b>EQUITY</b>			
Contributed Equity		<u><u>1,790,800</u></u>	<u><u>1,790,800</u></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 2007**

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<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>		<u>1,790,800</u>	<u>1,790,800</u>
<b>2007</b>			
	Note	Contributed Equity \$	Total \$
Balance at 1 July 2007		1,790,800	1,790,800
Profit attributable to unitholders		-	-
<b>Balance at 31 December 2007</b>		<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  
HALF YEAR ENDED 31 DECEMBER 2007**

	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	35,475	55,474
Payment to suppliers	-	(45,760)
Borrowing costs paid	(35,153)	(28,145)
<b>Net cash inflow/(outflow) from operating activities</b>	322	(18,431)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment from /(Increase loan to) related party	7,000	(611,830)
<b>Net cash inflow/(outflow) from investing activities</b>	7,000	(611,830)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	-	600,000
<b>Net cash inflow from financing activities</b>	-	600,000
Net increase/(decrease) in cash and cash equivalents	7,322	(30,261)
Cash and cash equivalents at beginning of financial period	2,518	50,610
<b>Cash and cash equivalents at end of financial period</b>	9,840	20,349

**NOTES TO THE CASH FLOW STATEMENT**

Reconciliation of Cash and cash equivalents  
Cash and cash equivalents 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	9,840	20,349
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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	42,444	72
Increase in accounts payable	(79,842)	(4,735)
Increase in prepayments	(7,155)	(2,656)
Decrease/(Increase) in other current assets	14,875	(13,975)
Decrease in non current receivable	15,117	-
Increase in income in advance	14,883	2,863
<b>Net cash inflow/(outflow) from operating activities</b>	322	(18,431)

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 2007

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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 2007.

#### **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 and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents 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.

#### **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.

**ST MAGNUS VINEYARD PROPERTY TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF  
YEAR ENDED 31 DECEMBER 2007**

	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<u>\$</u>	<u>\$</u>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- rent from growers	15,125	27,145
- loan charges frost system	47,500	42,938
<b>Total revenue</b>	<u>62,625</u>	<u>70,083</u>
<b>3. PROFIT FOR THE PERIOD</b>		
<b>Profit before income tax has been determined   after:</b>		
<b>Expenses:</b>		
Bank fees	136	122
Commercial bill charges	9,498	12,137
Interest expense	35,153	28,145
Management fees	10,161	18,945
Compliance Committee fees	1,750	1,750
Rates	4,350	5,824
Remuneration of auditor - audit	1,577	3,160
	<u>62,625</u>	<u>70,083</u>
	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
	<u>\$</u>	<u>\$</u>
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash in Custodial bank account	<u>9,840</u>	<u>2,518</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Other debtors	54,545	54,545
Other receivables	91	15,118
	<u>54,636</u>	<u>69,663</u>
<b>Non Current</b>		
Other debtors	<u>1,020,912</u>	<u>1,020,912</u>
<b>6. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	<u>12,038</u>	<u>4,883</u>

## ST MAGNUS VINEYARD PROPERTY TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 Dec 2007 \$	30 Jun 2007 \$
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at fair value	1,790,800	1,790,800
<p>An independent valuation was performed by Colin Gaetjens, Wine Industry Valuer F.A.P.I (Val, P&amp;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.</p>		
 <b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	-	4,543
Other creditors	14,178	32,068
Loan from Blaxland Vineyards Limited	68,365	61,365
	82,543	97,976
 <b>9. DEFERRED INCOME</b>		
Income in advance	14,883	-
 <b>10. INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
<b>Non-Current</b>		
Bank Loans – Secured	1,000,000	1,000,000
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.

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

We have reviewed the accompanying interim financial report of St Magnus Vineyard Property Trust, which comprises the interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the responsible entity.

***Directors' Responsibility for the Financial Report***

The directors of the responsible entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of St Magnus Vineyard Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted under Australian Auditing Standards and consequently does not enable us to obtain assurance that we become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

***Statement of continued independence***

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St Magnus Vineyard Property Trust is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of St Magnus Vineyard Property Trust financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



Nexia Court & Co  
Chartered Accountants

Sydney  
Dated: 4 March 2008



Robert Mayberry  
Partner

Partners

Stephen J Rogers  
Ian D Stone  
Paul W Lenton  
Neil R Hillman  
Stephen W Davis  
David M Gallery  
Robert A McGuinness  
Kirsten Taylor-Martin  
Andrew S Hoffmann  
Graeme J Watman  
David R Cust  
Craig J Wilford  
Sean P Urquhart  
Robert Mayberry

# 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**

Nexia Court & Co Chartered Accountants

Australia Square

Level 29, 264 George Street

Sydney NSW 2000

### **Property Location**

Adelaide Mannum Road

BIRDWOOD SA 5234

### **Property Trust Administration**

Blaxland Vineyards Limited

PO Box 737

MAITLAND NSW 2320