

TANUNDA HILL
VINEYARD PROJECT
ARSN 095 309 363

Report on the Project at
30 June 2003

Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792

TANUNDA HILL VINEYARD PROJECT

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TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the year ended 30 June 2003. The following persons held office as directors at any time during or since the end of the year.

Ronald Malcolm Collins
Philip James Slee
Robert John Gibson

Review of Operations

During the year the balance of the vineyard was planted. All of the fruit is contracted to a combination of Orlando Wyndham Group, McGuigan Simeon Wines, Barossa Valley Estates and Peter Lehmann Wines. Water from the Barossa Infrastructure Limited's scheme flowed according to plan. However, no crop was harvested on 2001 plantings as anticipated after the pruning back to 2 buds in the previous year.

The vineyard is planted to Shiraz, Chardonnay, Cabernet Sauvignon, Merlot, together with small plantings of Petit Verdot, Temprenillo & Sauvignon Blanc.

No income from the project is expected until vintage 2004.

Principal Activities

The principal activity of the project is to develop a vineyard and grow and market grapes.

No significant change in the nature of these activities occurred during the year.

Distributions Paid

No distributions were paid to growers during the period and no recommendation is made as to distributions.

Significant Changes in the State of the Affairs

There was no significant change in the state of the Project's affairs during the year.

Matters Subsequent to the End of the Financial Period

There are no matters or circumstances that have arisen since 30 June 2003 that have significantly affected or may significantly affect:

- the operations of the projects;
- the results of those operations; or
- the state of affairs of the project in subsequent financial years.

Likely 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 project's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Options

No options over unissued interests in the project were granted during or since the end of the year and there were no options outstanding at the date of this report.

Interests Issued

No growers interests were issued during the year. There were 15 interests held by the responsible entity or its associates at the end of the financial year. There were no withdrawals from the scheme during the year. A total of 790 units have been issued in the scheme.

Fees Paid to the Responsible Entity

During the financial period, \$2,833,218.75 (2002: \$5,490,764.50) was paid to Blaxland Vineyards Limited as fees to manage and develop the project. The total cost of the project for the financial period to 30 June 2003 was met from these funds as set out in the Prospectus.

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: 26 September 2003

TANUNDA HILL VINEYARD PROJECT

DIRECTORS' DECLARATION

The directors of the Responsible Entity declare that:

1. The financial statements and notes of the Tanunda Hill Vineyard Project 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 2003 and performance for the year ended on that date of the project.
2. In the directors' opinion there are reasonable grounds to believe that the project 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 and is signed for and on behalf of the directors by:

Director
Ronald M. Collins

Director
Philip J. Slee

Dated: 26 September 2003

TANUNDA HILL VINEYARD PROJECT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

No revenue or expenses were either derived or incurred during the financial year.

The statement of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

No accumulated funds existed as at 30 June 2003

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2003

No cash flows occurred during the financial year.

The statement of cash flows should be read in conjunction with the accompanying notes.

TANUNDA HILL VINEYARD PROJECT
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS

1. SUMMARY 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.

The Accounting Standards have been consistently applied unless otherwise stated. The following specific policies have been applied consistently unless otherwise stated:

(a) Basis of accounting

These financial statements have been prepared on an accruals basis and in accordance with the historical cost convention, and do not take into account the changing values of money, or except where stated, current valuations of non-current assets. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

(b) Income and expenditure recognition

Income and expenditure belong to the individual growers.

Income is recognised by the project when the goods are provided. Expenditure is not recognised by the project until the project starts generating income. Once income is generated, all expenses are recorded in the project accounts as they are incurred.

(c) Income Tax

The Project is not a taxable entity under the Income Tax Assessment Act 1936.

(d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(e) Non-current investments

Non-current investments are brought to account at cost or at directors' valuation. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Where the cost exceeds the recoverable amount, the investment has been written down to this recoverable amount. The expected net cash flows from investments have not been discounted to

their present value in determining the recoverable amounts except where stated.

(f) Trade and other creditors

These amounts represent liabilities for services provided to the economic entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) 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.

2. PROFIT FROM ORDINARY ACTIVITIES

During the period ended 30 June 2003, the growers contributed amounts shown below towards the expenses of operating the vineyard. These amounts have been expensed by the growers and are not considered assets or expenditure of the project. No income was received during the period.

Trellis	86,154.55
Vines	132,596.33
Vineyard Maintenance Fee	2,318,746.95
Research & Development	18,790.91
Dams	117,000.62
Administration	159,929.39
	<u>\$2,833,218.75</u>

3. THE PROJECT

The Tanunda Hill Vineyard Project (ARSN 095 309 363) is a Managed Investment Scheme for which the Responsible Entity is Blaxland Vineyards Limited.

4. THE RESPONSIBLE ENTITY

The Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792) of 493 High Street, Maitland, NSW, 2320.

**INDEPENDENT AUDIT REPORT
TO THE RESPONSIBLE ENTITY OF
TANUNDA HILL VINEYARD PROJECT**

Scope

We have audited the financial statements, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements of Tanunda Hill Vineyard Project for the year ended 30 June 2003. 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 and statutory requirements so as to present a view which is consistent with our understanding of the project'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 report of Tanunda Hill Vineyard Project is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the project's financial position as at 30 June 2003 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.

WIDINS
Chartered Accountants
Sydney: September 2003

R E Mayberry
Partner

TANUNDA HILL VINEYARD PROJECT

DIRECTORY

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
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15 Castlereagh Street
Sydney NSW 2000