

# TANUNDA HILL VINEYARD PROJECT

ARSN 095 309 363

Report for the half-year  
ended 31 December 2005

Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792

# TANUNDA HILL VINEYARD PROJECT

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# TANUNDA HILL VINEYARD PROJECT

## REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

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### Chairman's Report

6 March 2006

The vineyard continues to improve with a good quality crop of over 1,500 tonnes anticipated, compared with last year's crop of 1,321 tonnes. However, the pressure is still on grape prices with all contracted buyers lowering their basic prices yet again on all varieties. This in turn will lower the District Average Price upon which is used to calculate payments from our largest customer, McGuigan Simeon Wines Limited. We expect prices to fall 15% this year.

The grafting of Cabernet Sauvignon to Viognier was successful and will result in a small crop this year and a better crop next year. The balance of the Cabernet was re-planted to Shiraz and will not crop until 2007. The balance of the vineyard is in good health and, apart from some persistent weeds in blocks 18 & 19 looks very good. Wine makers are applauding the quality of the fruit.

I am pleased to advise that the fruit previously contracted to Barossa Valley Estates Limited has been redistributed to other companies. Last year we processed 60 tonnes of shiraz into wine, which is now all sold and the buyers are requesting product again this year. In addition, we will soon be bottling 500 dozen for the benefit of growers in the project. We hope to have a dozen wines from your vineyard delivered to you free of charge by mid June.

At Blaxland, we would like to think that no grower will be asked to add further funds to support the vineyard activities for the coming year. This was nearly achieved last year but with the known reduction in grape sale prices may not be quite achieved again this year.

Our fees are based on your profitability and last year we took no management fee except that required for administration and compliance. This year with the vineyard once again only just breaking even, we will again not receive a management fee. This method of fee calculation is fair and ensures our dedication to improving the vineyards viability.

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

# TANUNDA HILL VINEYARD PROJECT

## 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 period to the date of this report.

Neil R. MacKenzie - Chairman  
Ronald M. Collins  
Philip J. Slee  
Robert J. Gibson

### **Review of Operations**

The fully planted vineyard consists of a wide range of varieties, fully contracted to Orlando Wyndham, Yalumba, Peter Lehmann and McGuigan Simeon Wines. Last year 16 hectares of Cabernet were either grafted to Viognier or replanted with Shiraz. The vineyard has developed well and should deliver a crop of over 1500 tonnes compared with the 2005 crop of 1321 tonnes.

### **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 period.

### **Distributions Paid**

During the period under review, there were distributions made from gross crop receipts of \$1,690,118 (2005 \$629,970) to the growers. Ongoing costs are deducted from these distributions.

### **Significant Changes in the State of the Affairs**

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

### **Matters Subsequent to the End of the Financial Period**

There are no matters or circumstances that have arisen since 31 December 2005 that have significantly affected or may significantly affect:

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

# **TANUNDA HILL VINEYARD PROJECT**

## **REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

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### **Future Developments**

There are no likely developments that will affect the future of the vineyard.

### **Environmental Regulations**

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**

During the period no further interests were issued in the Project. There were no withdrawals from the Project. At the 31 December 2005 there were 780 growers' interests in the Project. There were 15 units held by the Responsible Entity or its associates at the end of the period.

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

During the period under review \$819,804 (2004:\$858,922) was paid to Blaxland Vineyards Limited as fees to maintain the vineyard and manage the Project. The total cost of the Project to 31 December 2005 was met from these funds.

### **Value of Project Property**

The Project owns no assets. The Responsible Entity holds on trust for the growers individually, their respective interests in the trellis, irrigation system and vines.

### **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.

# **TANUNDA HILL VINEYARD PROJECT**

## **REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

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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 the resolution of the Board of Directors of the Responsible Entity.

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

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

Dated: 6 March 2006

**TANUNDA HILL VINEYARD PROJECT**  
**DIRECTORS' DECLARATION**

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We, Ronald Collins and Philip Slee being two of the directors of Blaxland Vineyards Limited, the Responsible Entity of Tanunda Hill Vineyard Project, declare that the financial statements and notes:

- comply with accounting standards AASB 134: Interim Financial Reporting and the Corporations Regulations;
- give a true and fair view of the Project s financial position as at 31 December 2005 and its performance for the half year ended on that date;
- in our opinion, there are reasonable grounds to believe that the Project will be able to pay its debts as and when they fall due.

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:

.....  
Ronald M. Collins  
Director

.....  
Philip J. Slee  
Director

Dated 6 March 2005

**TANUNDA HILL VINEYARD PROJECT**  
**AUDITORS INDEPENDENCE DECLARATION**

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**TANUNDA HILL VINEYARD PROJECT**

**INCOME STATEMENT**

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

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	Note	31 Dec 2005 \$	31 Dec 2004 \$
Revenues from ordinary activities	2	1,002,896	877,834
Expenses from ordinary activities	3	(1,057,766)	(1,208,757)
<b>Profit/(Loss) from ordinary activities before income tax expense</b>		(54,870)	(330,923)
Income tax expense relating to ordinary activities	1	-	-
<b>Profit/(Loss) from ordinary activities after income tax expense</b>		(54,870)	(330,923)
Distribution to growers		-	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	4	(54,870)	(330,923)

The accompanying notes form part of these financial statements.

# TANUNDA HILL VINEYARD PROJECT

## BALANCE SHEET AS AT 31 DECEMBER 2005

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	Note	31 Dec 2005 \$	30 June 2005 \$
<b>CURRENT ASSETS</b>			
Cash assets		34,926	952,903
Receivables	5	115,678	824,247
Inventories	6	1,000,000	-
Other	7	970,573	-
<b>TOTAL CURRENT ASSETS</b>		<u>2,121,177</u>	<u>1,777,150</u>
<b>TOTAL ASSETS</b>		<u>2,121,177</u>	<u>1,777,150</u>
<b>CURRENT LIABILITIES</b>			
Payables	8	147,868	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>147,868</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>147,868</u>	<u>-</u>
<b>NET ASSETS</b>		<u>1,973,309</u>	<u>1,777,150</u>
<b>GROWERS FUNDS</b>	4	<u>1,973,309</u>	<u>1,777,150</u>

The balance sheet should be read in conjunction with the accompanying notes.

## TANUNDA HILL VINEYARD PROJECT

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

	Note	31 Dec 2005 \$	31 Dec 2004 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		621,060	470,965
Payment to suppliers		(1,793,402)	(1,996,103)
Interest received		2,896	4,467
<b>Net cash (outflow) from operating activities</b>		(1,169,446)	(1,520,671)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Repayment of loan by related party		440	195,000
<b>Net cash inflow from investing activities</b>		440	195,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Contributions from growers (net)		251,029	1,365,501
<b>Net cash inflow from investing activities</b>		251,029	1,365,501
Net Increase/(Decrease) in cash held		(917,977)	39,830
Cash at beginning of financial period		952,903	94,055
<b>Cash at end of financial period</b>		34,926	133,885

The accompanying notes form part of these financial statements

**TANUNDA HILL VINEYARD PROJECT**

**CASH FLOW STATEMENT**

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

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	<b>31 Dec 2005</b>	<b>31 Dec 2004</b>
Note	\$	\$

**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	34,926	133,885
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**Reconciliation of cash flows from operations with profit from ordinary activities after income tax**

Profit/(Loss) from ordinary activities after income tax	(54,870)	(330,923)
Decrease in current receivables	848,687	277,054
(Increase) in current inventories	(1,000,000)	(700,000)
Decrease in current prepayments	(970,573)	878,900
Increase in current payables	7,310	(1,645,702)
<b>Net cash outflow from operating activities</b>	<b>(1,169,446)</b>	<b>(1,520,671)</b>

The accompanying notes form part of these financial statements

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**1. SUMMARY 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 Project 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.

**(a) Basis of accounting**

These financial statements have been prepared in accordance with the historical cost convention, except for certain assets which are at current valuation. 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 belongs 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.

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**(d) Cash**

For the purposes of the cash flow statement, 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 period 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 balance sheet are shown inclusive of GST.

**(h) Agriculture**

Accounting Standard AASB 141, Agriculture, has been applied during the half year to bring to account as income the increment in net market value of the grape crop in the financial period, and bring to account as an asset the value of the Project's grapes on the vines at reporting date.

There is no active and liquid market for partly mature grapes. Mature value has been determined by the Directors of the Responsible Entity

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**(h) Agriculture (contd)**

based upon the estimated net market value of the crop at vintage, reduced by the proportion of time between bud-burst and the end of the financial period as a percentage of the time between bud-burst and vintage.

Significant assumptions made in determining net market value;

- (a) the lowest expected value of the crop at vintage has been used to be conservative and minimise the amount of any reversal should the crop be damaged in any way prior to vintage;
- (b) only the current crop is valued;
- (c) vintage is expected to take place at the end of March, beginning of April.

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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	<b>31 Dec 2005</b>	<b>31 Dec 2004</b>
	<u>\$</u>	<u>\$</u>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- Increment in net market value of grapes	1,000,000	700,000
- Grape sales	-	173,367
- Interest	2,896	4,467
<b>Total Revenue</b>	<u>1,002,896</u>	<u>877,834</u>
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>Profit from ordinary activities before income tax has been determined after:</b>		
<b>Expenses</b>		
Vineyard Maintenance fees	746,230	777,149
Project management fees	73,574	81,773
Water infrastructure	-	143,497
Water supply	106,786	159,693
Land Rental	19,254	35,151
Crop Insurance	24,729	11,391
Overaccrual of prior period revenue	87,069	-
Other	124	103
	<u>1,057,766</u>	<u>1,208,757</u>

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>31 Dec 2005 \$</b>	<b>30 Jun 2005 \$</b>
<b>4. GROWERS FUNDS</b>		
Opening Balance	1,777,150	563,932
Funds Introduced	251,029	1,809,488
Net Profit/(loss) available to Growers	(54,870)	(596,270)
Closing Balance	<u>1,973,309</u>	<u>1,777,150</u>
<b>5. RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	115,678	823,807
Loan to Blaxland Vineyards	-	440
	<u>115,678</u>	<u>824,247</u>
<b>6. INVENTORIES</b>		
Value of grape crop	<u>1,000,000</u>	<u>-</u>
<b>7. OTHER CURRENT ASSETS</b>		
Prepayments	<u>970,573</u>	<u>-</u>
<b>8. PAYABLES</b>		
Other creditors	7,750	-
Loan from Blaxland Vineyards Limited	140,118	-
	<u>147,868</u>	<u>-</u>

**9. RELATED PARTY TRANSACTIONS**

Fees retained by the Responsible Entity after payment of vineyard maintenance costs during the period were \$73,574. The Responsible Entity or its associate holds 15 growers interests in the project.

**10. SEGMENT REPORTING**

The Project operates in the viticultural industry of Australia.

**TANUNDA HILL VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL  
STATEMENTS**

**11. 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.

**12. THE RESPONSIBLE ENTITY**

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

# **INDEPENDENT REVIEW REPORT TO THE TRUSTEES OF TANUNDA HILL VINEYARD PROJECT**

## **Scope**

We have reviewed 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 Tanunda Hill Vineyard Project 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 Standard 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 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 statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Tanunda Hill Vineyard Project 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:

# TANUNDA HILL VINEYARD PROJECT

## 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