

TANUNDA HILL
VINEYARD PROJECT
ARSN 095 309 363

Report for the half-year
ended 31 December 2008

Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792

TANUNDA HILL VINEYARD PROJECT

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TANUNDA HILL VINEYARD PROJECT
DIRECTORS' REPORT FOR THE HALF-YEAR
ENDED 31 DECEMBER 2008

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the Project for the half-year ended 31 December 2008.

Directors

The following persons held office as directors of the Responsible Entity at the date of this report, and at all times during and since the end of the half-year, unless otherwise stated.

Neil R. MacKenzie - Chairman
Ronald M. Collins
Philip J. Slee
Matthew J. Alexander (appointed 14 November 2008)
Luke A. Rolley (appointed 14 November 2008)

Review of Operations

The fully planted vineyard consists of a wide range of varieties, fully contracted to a number of wineries including Orlando Wines, Yalumba, Peter Lehmann and Australian Vintage Limited.

Despite the impact of the heat in late January/early February 2009, we expect a harvest of 1700 tonnes in 2009. However, average prices have dropped 20% so we are anticipating a crop with a value of approximately \$2 million compared with last years crop of \$3 million. In the circumstances this would be a good result, but not good enough to break even on this year's costs.

Principal Activities

The principal activity of the Project is to manage a vineyard and market the grapes.

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

Distributions Paid

A distribution of \$352,912 was made in November 2008.

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 2008 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.

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.

TANUNDA HILL VINEYARD PROJECT
DIRECTORS' REPORT FOR THE HALF-YEAR
ENDED 31 DECEMBER 2008

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 2008 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 \$957,957 (2007:\$ 897,039) was paid to Blaxland Vineyards Limited as fees to maintain the vineyard and manage the Project. Of this amount, \$844,272 was paid for viticultural management. The total cost of the Project to 31 December 2008 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.

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.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial period ended 31 December 2008.

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



Ronald M. Collins
Director
Dated: 10th March 2009



Philip J. Slee
Director

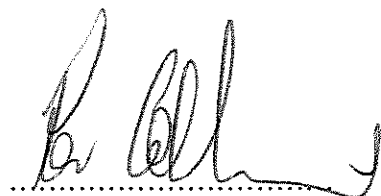
TANUNDA HILL VINEYARD PROJECT

DIRECTORS' DECLARATION

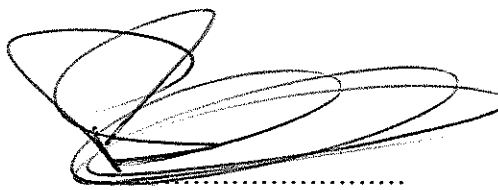
In the opinion of the directors of Blaxland Vineyards Limited, the responsible entity of Tanunda Hill Vineyard Project:

1. The financial statements and notes, as set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including :
 - a) complying with Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) giving a true and fair view of the Project's financial position as at 31 December 2008 and its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Blaxland Vineyards Limited:



.....
Ronald M. Collins
Director



.....
Philip J. Slee
Director

Dated: 10th March 2009

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

TANUNDA HILL VINEYARD PROJECT

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of the responsible entity of Tanunda Hill Vineyard Project:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 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.

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Nexia Court & Co
Chartered Accountants

Robert Mayberry
Partner

Sydney

Dated: 13 March 2009

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
Russell Reid

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AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

TANUNDA HILL VINEYARD PROJECT
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		31 Dec 2008	31 Dec 2007
		<u>\$</u>	<u>\$</u>
	Note		
Revenue	2	1,122,761	1,303,680
Expenses	3	(1,409,859)	(1,297,995)
		<u> </u>	<u> </u>
(Loss)/ Profit before income tax		(287,098)	5,685
Income tax expense	1	<u> -</u>	<u> -</u>
		<u> </u>	<u> </u>
(Loss)/ Profit for the half year		<u><u> (287,098)</u></u>	<u><u> 5,685</u></u>

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

		31 Dec 2008 \$	30 June 2008 \$
	Note		
CURRENT ASSETS			
Cash and cash equivalents		23,717	1,565,825
Trade and other receivables	4	10,796	1,849,123
Inventories	5	1,100,000	-
Other assets	6	1,405,924	-
TOTAL CURRENT ASSETS		2,540,437	3,414,948
TOTAL ASSETS		2,540,437	3,414,948
CURRENT LIABILITIES			
Trade and other payables	7	21,350	261,174
TOTAL CURRENT LIABILITIES		21,350	261,174
TOTAL LIABILITIES		21,350	261,174
NET ASSETS		2,519,087	3,153,774
GROWERS' EQUITY		2,519,087	3,153,774

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

TANUNDA HILL VINEYARD PROJECT
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

2007	Growers' Equity \$	Total \$
Balance at 1 July 2007	1,649,666	1,649,666
Profit attributable to growers	5,685	5,685
Equity introduced	45,834	45,834
Balance at 31 December 2007	1,701,185	1,701,185
2008		
	Growers' Equity \$	Total \$
Balance at 1 July 2008	3,153,774	3,153,774
Loss attributable to growers	(287,098)	(287,098)
Equity introduced	5,323	5,323
Distributions made	(352,912)	(352,912)
Balance at 31 December 2008	2,519,087	2,519,087

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	31 Dec 2008	31 Dec 2007
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	1,850,064	988,923
Payment to suppliers	(3,051,948)	(1,884,290)
Interest received	7,365	1,285
Net cash from operating activities	(1,194,519)	(894,082)
 CASH FLOW FROM FINANCING ACTIVITIES		
Distributions to growers	(352,912)	-
Contributions from growers	5,323	45,834
Net cash from investing activities	(347,589)	45,834
Net decrease in cash and cash equivalents	(1,542,108)	(848,248)
Cash and cash equivalents at beginning of the period	1,565,825	858,404
Cash and cash equivalents at the end of the period	23,717	10,156

NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

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	23,717	10,156
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Reconciliation of cash from operating activities

(Loss)/Profit for the half year	(287,098)	5,685
Decrease in current receivables	1,838,327	941,528
Increase in current inventories	(1,100,000)	(1,255,000)
Increase in current prepayments	(1,405,924)	(432,969)
Decrease in current payables	(239,824)	(153,326)
Net cash from operating activities	(1,194,519)	(894,082)

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Tanunda Hill Vineyard Project (the 'Project') is a registered managed investment scheme under the Corporations Act 2001. The half-year financial report for the Project is for the six months ended 31 December 2008.

B. STATEMENT OF COMPLIANCE

The general purpose half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB134: Interim Financial Reporting and the requirements of the Project Constitution. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by the Project during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The financial statements were approved by the Board of Directors on 10 March 2009.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Project and are consistent with those of the previous financial year and corresponding half-year. The following specific policies have been applied consistently unless otherwise stated:

(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.

(d) **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents 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

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. SIGNIFICANT ACCOUNTING POLICIES (contd)

cash flows from investments have not been discounted to their present value in determining the recoverable amounts except where stated.

(f) Trade and other payables

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 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 has commenced at the beginning of February.

This policy is adopted to reflect the seasonality of the industry.

TANUNDA HILL VINEYARD PROJECT

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	31 Dec 2008 \$	31 Dec 2007 \$
2. REVENUE		
- Increment in net market value of grapes	1,100,000	1,255,000
- Underaccrual of prior period revenue	15,396	47,395
- Interest	7,365	1,285
TOTAL REVENUE	1,122,761	1,303,680
3. EXPENSES		
Vineyard Maintenance fees	844,272	818,532
Project management fees	113,685	78,507
Water infrastructure	110,760	110,760
Water supply	216,060	202,800
Land Rental	97,383	64,350
Impairment loss on trade receivables	3,659	-
Crop Insurance	23,764	22,917
Other	276	129
	1,409,859	1,297,995
	31 Dec 2007 \$	30 Jun 2008 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	44,455	1,879,123
Impairment loss on trade receivables	(33,659)	(30,000)
	10,796	1,849,123
5. INVENTORIES		
Current		
Value of grape crop	1,100,000	-
6. OTHER ASSETS		
Current		
Prepayments	1,405,924	-
7. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	21,350	261,174

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS

Fees retained by the Responsible Entity after payment of vineyard maintenance costs during the period were \$113,685 (2007: \$78,507). The Responsible Entity or its associate holds 15 growers interests in the project.

9. DISTRIBUTIONS

A distribution of \$352,912 was made in November 2008 to growers.

10. SEGMENT REPORTING

The Project operates in the viticultural industry of Australia.

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 RESPONSIBLE ENTITY OF TANUNDA HILL VINEYARD PROJECT

We have reviewed the accompanying interim financial report of Tanunda Hill Vineyard Project, which comprises the interim balance sheet as at 31 December 2008, 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.

Auditors' 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 Interim and Other Financial Reports 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 2008 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 auditors of Tanunda Hill Vineyard Project, 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 Tanunda Hill Vineyard Project is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of Tanunda Hill Vineyard Project financial position as at 31 December 2008 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: 13 March 2009



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
Russell Reid

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

Neil R. MacKenzie
Ronald M. Collins
Philip J. Slee
Matthew J. Alexander
Luke A. Rolley

Custodian

Blaxland Vineyards Limited
493 High Street
Maitland NSW 2320

Independent Accountants and Auditors of the Project

Nexia Court & Co Chartered Accountants
Australia Square
Level 29, 264 George Street
Sydney NSW 2000

Project Location

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Project Administration

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