

TANUNDA HILL  
VINEYARD PROJECT  
STAGE 2  
ARSN 104 063 238

Report for the half-year  
ended 31 December 2008

Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792

## TANUNDA HILL VINEYARD PROJECT STAGE 2

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## TANUNDA HILL VINEYARD PROJECT STAGE 2

### DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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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 intense heat in late January/early February 2009 has taken its toll on this vineyard reducing the crop by 20%. This combined with lower fruit prices being offered by Orlando Wines is having a significant impact on the outcome for the year. We believe these issues will put the project into a loss position this year.

Water restrictions continued with irrigation water limited to 18% of allocation. Additional water has been purchased to ensure the vineyards health and wellbeing.

#### **Principal Activities**

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

#### **Distributions Paid**

A distribution of \$329,017 was made to growers 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 year.

#### **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 developments or changes to the current position and arrangements for running 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 STAGE 2

### DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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#### **Interests Issued**

During the period no further interests were issued in the Project. There were no withdrawals from the Project. At 31 December 2008 there were 230 growers' interests in the Project of which 57 units were held by Blaxland Vineyards Limited and 18 units were held by Advanced Viticulture and Management Pty Limited.

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

During the period under review \$414,557 (2007:\$ 414,241) was paid to Blaxland Vineyards Limited as fees to manage the Project. Of this amount, \$343,195 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.

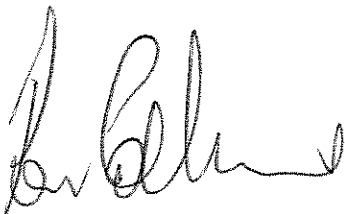
No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the period.

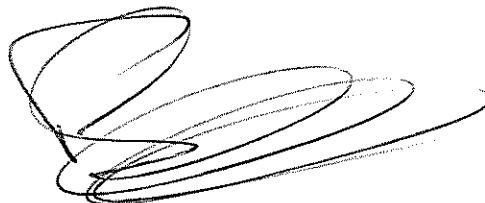
#### **Auditor's Independence Declaration**

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 a resolution of the Board of Directors of the Responsible Entity:



**Ronald M. Collins**  
Director  
Dated: *10* March 2009



**Philip J. Slee**  
Director

## TANUNDA HILL VINEYARD PROJECT STAGE 2

### DIRECTORS' DECLARATION

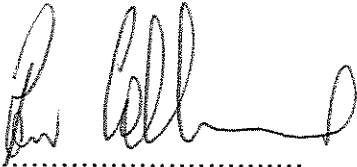
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In the opinion of the directors of Blaxland Vineyards Limited, the responsible entity of Tanunda Hill Vineyard Project Stage 2:

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.

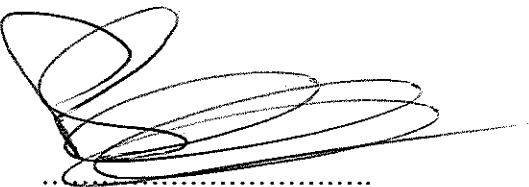
Signed in accordance with a resolution of the directors of Blaxland Vineyards Limited:

**Director**



.....  
Ronald M. Collins

**Director**



.....  
Philip J. Slee

Dated: <sup>10</sup> <sup>th</sup> March 2009

# NEXIA COURT & CO



CHARTERED  
ACCOUNTANTS

ABN 71 502 156 733

## TANUNDA HILL PROJECT STAGE 2

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

To the directors of the responsible entity of Tanunda Hill Project Stage 2:

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.

Nexia Court & Co  
Chartered Accountants

Sydney

Dated: 13 March 2009

Robert Mayberry  
Partner

Level 29, Australia Square  
264 George Street,  
Sydney NSW 2000  
PO Box H195,  
Australia Square NSW 1215  
T 61 2 9251 4600  
F 61 2 9251 7138  
info@nxiacourt.com.au  
www.nxiacourt.com.au

#### Partners

Stephen J Rogers  
Ian D Stone  
Paul W Lenton  
Neil R Hillman  
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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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LIABILITY LIMITED BY A  
SCHEME APPROVED UNDER  
PROFESSIONAL STANDARDS  
LEGISLATION.

**TANUNDA HILL VINEYARD PROJECT STAGE 2**  
**INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31 Dec 2008 \$	31 Dec 2007 \$
Revenue	2	443,328	568,548
Expenses	3	(621,389)	(596,037)
<b>Loss before income tax expense</b>		<u>(178,061)</u>	<u>(27,489)</u>
Income tax expense	1	<u>-</u>	<u>-</u>
<b>Loss for the half year</b>		<u><u>(178,061)</u></u>	<u><u>(27,489)</u></u>

The accompanying notes form part of these financial statements.

## TANUNDA HILL VINEYARD PROJECT STAGE 2

### BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 Dec 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,071	568,837
Trade and other receivables	4	6,736	708,654
Inventories	5	420,000	-
Other assets	6	600,872	-
<b>TOTAL CURRENT ASSETS</b>		<u>1,033,679</u>	<u>1,277,491</u>
<b>TOTAL ASSETS</b>		<u>1,033,679</u>	<u>1,277,491</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<u>12,093</u>	<u>8,183</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>12,093</u>	<u>8,183</u>
<b>TOTAL LIABILITIES</b>		<u>12,093</u>	<u>8,183</u>
<b>NET ASSETS</b>		<u>1,021,586</u>	<u>1,269,308</u>
<b>GROWERS' EQUITY</b>		<u>1,021,586</u>	<u>1,269,308</u>

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

**TANUNDA HILL VINEYARD PROJECT STAGE 2**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

<b>2007</b>	Growers' Equity \$	Total \$
Balance at 1 July 2007	521,569	521,569
Loss attributable to growers	(27,489)	(27,489)
Equity introduced	14,397	14,397
<b>Balance at 31 December 2007</b>	<b>508,477</b>	<b>508,477</b>
<b>2008</b>		
	Growers' Equity \$	Total \$
Balance at 1 July 2008	1,269,308	1,269,308
Loss attributable to growers	(178,061)	(178,061)
Equity introduced	259,356	259,356
Distributions made	(329,017)	(329,017)
<b>Balance at 31 December 2008</b>	<b>1,021,586</b>	<b>1,021,586</b>

The accompanying notes form part of these financial statements.

**TANUNDA HILL VINEYARD PROJECT STAGE 2**

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

	<b>31 Dec 2008 \$</b>	<b>31 Dec 2007 \$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	703,696	418,334
Payment to suppliers	(1,198,015)	(598,670)
Interest received	1,214	273
<b>Net cash from operating activities</b>	<b>(493,105)</b>	<b>(180,063)</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Distributions made to growers	(329,017)	-
Contributions from Growers	259,356	14,397
<b>Net cash from financing activities</b>	<b>(69,661)</b>	<b>14,397</b>
Net Decrease in cash and cash equivalents	(562,766)	(165,666)
Cash and cash equivalents at beginning of financial period	568,837	171,639
<b>Cash and cash equivalents at end of financial period</b>	<b>6,071</b>	<b>5,973</b>
 <b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of Cash</b>		
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	6,071	5,973
 <b>Reconciliation of cash from operating activities</b>		
Loss for the half year	(178,061)	(27,489)
Decrease in current receivables	701,918	381,059
Increase in inventories	(420,000)	(531,000)
Increase in current prepayments	(600,872)	(7,199)
Increase in current payables	3,910	4,566
<b>Net cash from operating activities</b>	<b>(493,105)</b>	<b>(180,063)</b>

The accompanying notes form part of these financial statements

## TANUNDA HILL VINEYARD PROJECT STAGE 2

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

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. REPORTING ENTITY

Tanunda Hill Vineyard Project Stage 2 (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

## TANUNDA HILL VINEYARD PROJECT STAGE 2

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES (contd)

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 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;

- (i) 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;
- (ii) only the current crop is valued;
- (iii) vintage commenced at the beginning of February.

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

	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	\$	\$
<b>2. REVENUE</b>		
- Increment in net market value of grapes	420,000	531,000
- Underaccrual of prior period revenues	22,114	37,275
- Interest	1,214	273
<b>TOTAL REVENUE</b>	<u>443,328</u>	<u>568,548</u>

**TANUNDA HILL VINEYARD PROJECT STAGE 2**

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

	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
	<b>\$</b>	<b>\$</b>
<b>3. EXPENSES</b>		
Vineyard Maintenance fees	343,195	375,705
Project management fees	71,362	38,536
Water infrastructure	16,790	16,790
Water supply	112,930	100,120
Land Rental	49,462	57,558
Impairment loss on trade receivables	20,336	-
Crop Insurance	7,134	7,199
Other	180	129
	<u>621,389</u>	<u>596,037</u>
	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	87,072	768,654
Impairment loss on trade receivables	(80,336)	(60,000)
	<u>6,736</u>	<u>708,654</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Value of grape crop	420,000	-
	<u>420,000</u>	<u>-</u>
<b>6. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	600,872	-
	<u>600,872</u>	<u>-</u>
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	12,093	8,183
	<u>12,093</u>	<u>8,183</u>

**8. RELATED PARTY TRANSACTIONS**

Fees retained by the Responsible Entity after payment of vineyard maintenance costs during the period were \$71,362 (2007:\$38,536). The Responsible Entity or its associate holds 57 growers interests in the project.

**9. DISTRIBUTIONS**

A distribution of \$329,017 was made in November 2008 to growers.

**10. SEGMENT REPORTING**

The Project operates in the viticultural industry of Australia.

## **TANUNDA HILL VINEYARD PROJECT STAGE 2**

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

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#### **11. THE PROJECT**

The Tanunda Hill Vineyard Project Stage 2 (ARSN 104 063 238) located at Les Dunkley Road Sheoak Log Nuriootpa SA 5355 is a Managed Investment Scheme for which the Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792). The registered address and address for administration purposes is 493 High Street, Maitland, NSW, 2320.

INDEPENDENT REVIEW REPORT  
TO THE RESPONSIBLE ENTITY OF  
TANUNDA HILL PROJECT STAGE 2

We have reviewed the accompanying interim financial report of Tanunda Hill Project Stage 2, 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 Project Stage 2, 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 Project Stage 2 is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of Tanunda Hill Project Stage 2 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 STAGE 2

### 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  
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**

Les Dunkley Road  
SHEAOAK LOG  
NURIOOTPA SA 5355

#### **Project Administration**

Blaxland Vineyards Limited  
PO Box 737  
MAITLAND NSW 2320