

Tanunda Hill Vineyard Limited

ABN 22 093 941 256

Financial Statements

For the Year Ended 30 June 2007

Tanunda Hill Vineyard Limited

ABN 22 093 941 256

For the Year Ended 30 June 2007

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Tanunda Hill Vineyard Limited

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Directors' Report - 30 June 2007

Your directors present their report on the company for the financial year ended 30 June 2007.

1. General information

a Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Ronald M Collins	
Philip J Slee	
Neil A McGuigan	
David S White	
Gordon S Cooper	
Robert J Gibson	Resigned 22 August 2006

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

b Company Secretary

The following persons held the position of company secretary at the end of the financial year:

Philip J Slee - refer "Director Information"

c Principal Activities

The principal activities of Tanunda Hill Vineyard Limited during the financial year were to hold assets relating to the Tanunda Hill Vineyard Project on behalf of investors and lease those assets to growers who are related entities of the shareholders in the company.

There have been no significant changes in the nature of Tanunda Hill Vineyard Limited's principal activities during the financial year.

2. Business review

a Operating Results

The profit of Tanunda Hill Vineyard Limited after providing for income tax amounted to \$ 8,748 .

b Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year.

Tanunda Hill Vineyard Limited

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Directors' Report - 30 June 2007

2. Business review (continued)

c Review of operations

A review of the operations of Tanunda Hill Vineyard Limited during the financial year and the results of those operations are as follows:

Tanunda Hill Vineyard

The 261 hectare property on which the vineyard development has taken place continues to be held by the company. The company remains free of debt.

The property owned by the company was valued by Gaetjens Pickett, Valuers on 30 June 2007 at \$3,000,000, the buildings at \$350,000 and the shares in Barossa infrastructure limited were valued at \$3,000,000. These assets cost \$2,915,266 and \$623,195 respectively. The complete vineyard was valued at \$14,000,000 which equates to \$53,550 per hectare

Barossa Infrastructure Limited

At 30 June 2007 the company continued to own 623,195 shares in Barossa Infrastructure Limited (2006: 623,195 shares) so that each unit holder continued to have the right to 0.65 megalitres. These shares entitle the company to 356 megalitres of premium water and 159 megalitres of off peak water. This is considered to be more than sufficient to water the full vineyard. However in 2007 water rights from the Murray River were restricted to 60% of allocation and as a result we had to buy further water allocation on a temporary basis to ensure the vineyard's continuing health and to bring home a quality crop. In 2008 it is anticipated that even bigger restrictions will be placed on irrigators making it harder and more expensive for the vineyard to achieve a reasonable outcome.

3. Financial review

a Financial Position

The net assets of Tanunda Hill Vineyard Limited have increased by \$ 8,770 from \$3,662,358 to \$ 3,671,128 in 2007. The increase has mainly resulted from the profit from operations.

4. Director Information

a Information on Directors

Ronald M Collins BComm, Age 62
B A

Position Executive director - marketing.

Experience Ron Collins has considerable experience in the Australian finance and investment market including a number of years with Hill Samuel Australia Ltd. (now Macquarie Bank Ltd.) and 20 years running his own financial consulting business.

Special Responsibilities Project development and sales and marketing.

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Directors' Report - 30 June 2007

Philip J Slee CA	Age 60
Position	Executive director - administration and company secretary.
Experience	Philip Slee is a Chartered Accountant, specialising in the wine industry. He was previously Company Secretary of Brian McGuigan Wines Limited and Financial Controller and Company Secretary of Wyndham Estate Wines Limited, both publicly listed companies.
Special Responsibilities	Finance and administration.
Neil A McGuigan B AppSc (Oenology)	Age 49
Position	Non executive director.
Experience	Neil McGuigan has extensive experience in the wine industry. He was an Associate Director and Production Director of Wyndham Estate Wines from 1985-1992, and then was Director of Brian McGuigan Wines Limited until 1994. Neil then owned and operated Briar Ridge Wines, which was adsorbed into Beringer Blass in 2000. After 3 years with Beringer Blass at Rothbury Estate, Neil is presently the Production Manager for McGuigan Simeon Wines Limited.
David S White LLB (Syd)	Age 65
Position	Non executive director - Chairman.
Experience	David White is a partner of Sparke Helmore (trading as Fitzgerald White Talbot, Solicitors). He has over 35 years experience in legal practice and acts for numerous Australian and international resource-based companies. He has extensive involvement in the wine and viticultural industry and is a director of a number of private companies.
Gordon S Cooper AM; BSc (Econ), FCA, FTIA, FAICD	Age 56
Position	Non executive director
Experience	Gordon Cooper is a Chartered Accountant Accountant who has his own tax consulting practice. Also, he is an Adjunct Professor with the Australian School of Taxation in the Faculty of Law at the University of New South Wales. His wine industry experience includes direct or indirect interests in eight vineyards and as assistant winemaker for Duck Hollow in the Hunter Valley. In addition, he is a director of a number of private companies.

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Directors' Report - 30 June 2007

b Meetings of Directors

During the financial year, 3 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ronald M Collins	3	3
Philip J Slee	3	3
Neil A McGuigan	3	2
David S White	3	2
Gordon S Cooper	3	3
Robert J Gibson	-	-

5. Indemnifying Officers or Auditors

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company under its Constitution agrees to indemnify every director and officer of the company against liability incurred as a director to the extent permitted by the Corporations Act 2001;

The company has also agreed to indemnify every director, secretary, auditor and officer of the company against liability incurred in defending any legal proceedings.

6. Options

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

7. Proceedings on Behalf of Company

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

The company was not a party to any such proceedings during the year.

8. Other items

a Significant Changes in State of Affairs

No significant changes in Tanunda Hill Vineyard Limited's state of affairs occurred during the financial year.

Tanunda Hill Vineyard Limited

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Directors' Report - 30 June 2007

8. Other items (continued)

b After balance date events

The Federal Government is attempting to take control of the Murray Darling Water Basin and has indicated that very little water will be available to irrigators in the summer of 2007/2008. This may impact heavily on the amount of water available to the company to sell to the project. Apart from that, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

c Auditors Independence Declaration

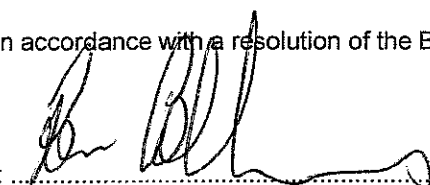
The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 6 of the financial report.

d Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory

Signed in accordance with a resolution of the Board of Directors:

Director:



Ronald M Collins

Director:



Philip J Slee

Dated this 18th day of September 2007

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

Tanunda Hill Vineyard Limited

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

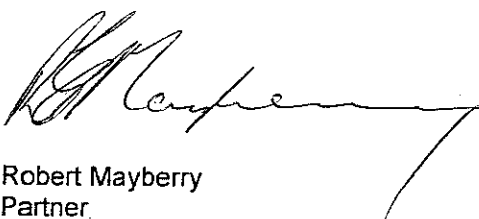
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I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

Nexia Court & Co

Chartered Accountants



Robert Mayberry
Partner

Sydney

Dated: 28 September 2007

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

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LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

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Income Statement

For the Year Ended 30 June 2007

		2007	2006
	Note	\$	\$
Revenue	2	638,999	532,305
Other income	2	1,296	1,337
Infrastructure costs		(221,179)	(283,020)
Water costs		(344,926)	(236,731)
Employee benefits expense		(10,000)	(10,000)
Depreciation, amortisation and impairments		(5,447)	(5,442)
Other expenses		(49,995)	(40,707)
Profit before income tax		8,748	(42,258)
Income tax expense	4	-	-
Profit attributable to members		8,748	(42,258)
Earnings Per Share:			
Overall operations:			
Basic earnings / (loss) per share (cents per share)		0.06	(0.01)

The accompanying notes form part of these financial statements

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Balance Sheet - 30 June 2007

	Note	2007 \$	2006 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	32,371	7,341
Trade and other receivables	7	1,735	1,735
Inventories	9	102,845	-
Current tax receivable	13a	-	8,570
Other current assets	8	442,312	504,166
Total current assets		579,263	521,812
Non-current assets			
Financial assets	10	623,195	623,195
Property, plant and equipment	11	2,891,025	2,896,473
Deferred tax assets	13a	1,350	1,350
Total non-current assets		3,515,570	3,521,018
TOTAL ASSETS		4,094,833	4,042,830
LIABILITIES			
Current liabilities			
Trade and other payables	12	423,705	380,472
Total current liabilities		423,705	380,472
TOTAL LIABILITIES		423,705	380,472
NET ASSETS		3,671,128	3,662,358
EQUITY			
Issued capital	14	3,606,288	3,606,266
Retained earnings		64,840	56,092
TOTAL EQUITY		3,671,128	3,662,358

The accompanying notes form part of these financial statements

Tanunda Hill Vineyard Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2007

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 01 July 2006	3,606,266	56,092	3,662,358
Shares issued during the year	22	-	22
Profit / (loss) attributable to members of entity	-	8,748	8,748
Balance at 30 June 2007	3,606,288	64,840	3,671,128
Balance at 01 July 2005	3,606,266	98,350	3,704,616
Profit / (loss) attributable to members of the entity	-	(42,258)	(42,258)
Balance at 30 June 2006	3,606,266	56,092	3,662,358

The accompanying notes form part of these financial statements

Tanunda Hill Vineyard Limited

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Cash Flow Statement

For the Year Ended 30 June 2007

	2007	2006
Note	\$	\$
Cash from operating activities:		
Receipts from customers	700,853	251,505
Payments to suppliers and employees	(691,462)	(318,510)
Interest received	1,296	1,337
Income tax instalment refunded / (Income taxes paid)	8,570	(49,742)
Net cash from operating activities	19,257	(115,410)
Cash flows from financing activities:		
Proceeds from issue of shares	22	-
Proceeds from borrowings - related party	5,751	119,000
Dividends paid	-	(36,247)
Net cash from financing activities	5,773	82,753
Net increase (decreases) in cash and cash equivalents	25,030	(32,657)
Cash and cash equivalents at beginning of year	7,341	39,998
Cash and cash equivalents at end of financial year	32,371	7,341

The accompanying notes form part of these financial statements

Tanunda Hill Vineyard Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2007

1 Statement of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs'), Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Tanunda Hill Vineyard Limited is a company limited by shares, incorporated and domiciled in Australia

The financial report of Tanunda Hill Vineyard Limited also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(c) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is

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Notes to the Financial Statements

For the Year Ended 30 June 2007

1 Statement of Significant Accounting Policies (continued)

(d) Income Tax (continued)

realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Property, Plant and Equipment

Real Property

Any real property purchased by the company is brought to account at cost. All real property held by the company must be valued at intervals of not less than three years and the directors may arrange to have any real property valued at any time if it considers it is in the interests of the shareholders. Any real property must be re-valued in the accounts of the company in accordance with any valuation undertaken unless the directors believes the valuation should not be adopted.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use.

(g) Financial Assets

Recognition

Financial assets are initially measured at cost of trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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Notes to the Financial Statements

For the Year Ended 30 June 2007

1 Statement of Significant Accounting Policies (continued)

(g) Financial Assets (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(h) 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.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) New standards and interpretations not yet adopted

Certain new accounting standards and interpretation have been published that are not mandatory for 30 June 2007 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below :

- (i) AASB 101 Presentation of Financial Statements (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.
- (ii) AASB 7 Financial Instruments: Disclosures (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the company's financial instruments and share capital.
- (iii) AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings Per Share, AASB 139 Financial

Instruments: Recognition and Measurement, AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the company's financial report.

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Notes to the Financial Statements

For the Year Ended 30 June 2007

	2007	2006
	\$	\$
2 Revenue		
	2007	2006
	\$	\$
	Note	
Operating activities		
- sale of goods (net)	637,969	531,590
- rental revenue for property investment	1,030	715
- interest received	2(a) 1,296	1,337
Total Revenue	<u>640,295</u>	<u>533,642</u>
 (a) Interest revenue from: other interest	 <u>1,296</u>	 <u>1,337</u>
Total interest revenue	<u>1,296</u>	<u>1,337</u>
3 Profit from Ordinary Activities		
a Expenses		
Cost of sales	566,106	519,751
4 Income Tax Expense		
a The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable / (tax loss) on profit / (loss) from ordinary activities before income tax at 30% (2006: 30%)		
- company	2,625	(12,677)
Add:		
Tax effect of:		
- Benefit of losses not brought to account	-	12,677

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Notes to the Financial Statements

For the Year Ended 30 June 2007

	2007	2006
	\$	\$
4 Income Tax Expense (continued)		
a The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: (continued)		
Less:		
Tax effect of:		
- tax losses carried forward from prior years	2,625	-
	<hr/>	<hr/>
Income tax attributable to entity	-	-
	<hr/> <hr/>	<hr/> <hr/>
The applicable weighted average effective tax rates are as follows:	- %	- %
5 Dividends		
a Balance of franking account		
Balance of franking account at period end adjusted for franking credits arising from:		
payment of provision for income tax	98,421	98,421
	<hr/>	<hr/>
6 Cash and Cash Equivalents		
Cash at bank	32,371	7,341
	<hr/>	<hr/>
	32,371	7,341
	<hr/> <hr/>	<hr/> <hr/>

The effective interest rate on short-term bank deposits was 5.8% (2006: 5.6%).

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Notes to the Financial Statements

For the Year Ended 30 June 2007

	2007	2006
	\$	\$
Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	32,371	7,341
	<u>32,371</u>	<u>7,341</u>
7 Trade and Other Receivables		
CURRENT		
Trade receivables	1,735	1,735
	<u>1,735</u>	<u>1,735</u>
8 Other Assets		
CURRENT		
Prepayments	221,145	221,145
Accrued income	221,167	283,021
	<u>442,312</u>	<u>504,166</u>
9 Inventories		
CURRENT		
At Cost		
Water in dams	102,845	-
	<u>102,845</u>	<u>-</u>
10 Financial Assets		
Available for sale financial assets	623,195	623,195
Less non-current portion	(623,195)	(623,195)
Current portion	<u>-</u>	<u>-</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2007

2007	2006
\$	\$

10 Financial Assets (continued)

Available-for-sale Financials Assets Comprise:

Unlisted investments, at cost:

shares in Barossa Infrastructure Limited

623,195	623,195
---------	---------

Total available-for-sale financial assets

<u>623,195</u>	<u>623,195</u>
----------------	----------------

Available-for-sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Management has determined that the estimate of total fair values for unlisted investments would not be less than the amount stated at 30 June 2007. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

11 Property Plant and Equipment

LAND AND BUILDINGS

Freehold land

At cost

2,766,590	2,766,590
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Buildings

At cost

148,676	148,676
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Less: accumulated depreciation

(24,241)	(18,793)
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Total buildings

<u>124,435</u>	<u>129,883</u>
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Total land and buildings

<u>2,891,025</u>	<u>2,896,473</u>
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a Movements in Carrying Amounts

	Land	Buildings	Total
	\$	\$	\$
Balance at the beginning of year	2,766,590	129,883	2,896,473
Depreciation expense	-	(5,448)	(5,448)
Carrying amount at the end of year	<u>\$ 2,766,590</u>	<u>\$ 124,435</u>	<u>\$ 2,891,025</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2007

11 Property Plant and Equipment (continued)

Movements in Carrying Amounts (continued)

b Property Valuation

A valuation was performed by Colin Pickett, Certified Practising Valuer, Associate Australian Property Institute of Gaetjens Pickett Valuers as at 30 June 2007. The market value of the land, buildings and water was assessed as \$6,350,000.

12 Trade and Other Payables

	2007	2006
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	225,330	221,145
Sundry payables and accrued expenses	73,624	40,327
Amount payable to:		
- Blaxland Vineyards Limited	124,751	119,000
	<u>423,705</u>	<u>380,472</u>

13 Tax

a Assets

CURRENT

Income tax refundable

-	8,570
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NON-CURRENT

Deferred tax assets comprise:

Accruals

1,350	1,350
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Notes to the Financial Statements

For the Year Ended 30 June 2007

(i) Deferred Tax Assets

	2007	2006
Note	\$	\$
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Liabilities for accruals		
Transferred from income tax expense	-	1,350
	<hr/>	<hr/>
(ii) Deferred tax assets not brought to account:		
Tax losses:		
- operating losses	38,010	46,758
	<hr/>	<hr/>

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that further taxable profit will be available against which the company can utilise the benefits in the near future.

14 Issued Capital

	2007	2006
	\$	\$
3,606,288 (2006: 3,606,266) fully paid Ordinary shares	3,606,288	3,606,266
	<hr/>	<hr/>

Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The company's constitution has not set any limit on the amount of capital it may raise.

Tanunda Hill Vineyard Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2007

	2007	2006
	\$	\$
15 Auditors' Remuneration		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	10,900	6,800
- Other services	2,650	3,150
16 Commitments		
Expenditure commitments contracted for:		
- water infrastructure and delivery	<u>5,320,912</u>	<u>5,702,694</u>
Payable:		
- not later than 12 months	304,750	294,450
- between 12 months and 5 years	1,817,265	1,847,731
- greater than 5 years	<u>3,198,897</u>	<u>3,560,513</u>
	<u>5,320,912</u>	<u>5,702,694</u>

17 Key Management Personnel Compensation

(a) Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for Tanunda Hill Vineyard Limited is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Refer to Note 17(c) for the the compensation to the key management personnel.

Tanunda Hill Vineyard Limited

ABN 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2007

17 Key Management Personnel Compensation (continued)

(b) Key Management Personnel

Names and positions held of the company's key management personnel in office at any time during the financial year are:

Key Management Person	Position
Ronald M Collins	Director
Philip J Slee	Director
Neil A McGuigan	Director
David S White	Director
Gordon S Cooper	Director
Robert J Gibson	Director

(c) Key Management Personnel Compensation

2007

	Short-term benefits	Total
	Cash, salary & commissions	
	\$	\$
Neil A McGuigan	3,334	3,334
David S White	3,333	3,333
Gordon S Cooper	3,333	3,333
	<u>10,000</u>	<u>10,000</u>

2006

	Short-term benefits	Total
	Cash, salary & commissions	
	\$	\$
Neil A McGuigan	3,334	3,334
David S White	3,333	3,333
Gordon S Cooper	3,333	3,333
	<u>10,000</u>	<u>10,000</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2007

18 Financial Instruments

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Total	
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	2.97	3.41	32,731	7,341	32,731	7,341
Total Financial Assets			<u>32,731</u>	<u>7,341</u>	<u>32,731</u>	<u>7,341</u>

(b) Net fair values

The net fair values approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2007		2006	
	Carrying amount	Net Fair value	Carrying amount	Net Fair value
	\$	\$	\$	\$
Financial Assets				
Held-to-maturity financial assets	623,195	623,195	623,195	623,195
	<u>623,195</u>	<u>623,195</u>	<u>623,195</u>	<u>623,195</u>

Fair value are materially in line with carrying values.

19 Segment Reporting

The company operates in the viticultural industry in Australia.

Tanunda Hill Vineyard Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2007

	2007	2006
	\$	\$
20 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net income/loss for the period	8,748	(42,258)
Non-cash flows in profit		
Depreciation	5,448	5,442
changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	-	2,221
(Increase)/decrease in prepayments	-	61,875
(Increase)/decrease in inventories	(102,846)	-
Increase/(decrease) in trade payables and accruals	37,483	190,073
Increase/(decrease) in income accrued in advance	61,854	(283,020)
Increase/(decrease) in income taxes payable	8,570	(48,393)
Increase/(decrease) in deferred taxes payable	-	(1,350)
	<u>19,257</u>	<u>(115,410)</u>

21 Company Details

Registered office

The registered office of the company is:

Tanunda Hill Vineyard Limited
493 High Street
MAITLAND NSW 2320

Tanunda Hill Vineyard Limited

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Directors' Declaration

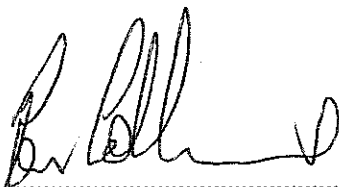
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 23, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

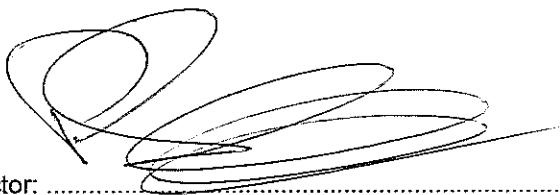
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Ronald M Collins

Director:



Philip J Slee

Dated this 18th day of September 2007

Tanunda Hill Vineyard Limited

ABN 22 093 941 256

Independent Audit Report to the members of Tanunda Hill Vineyard Limited

Scope

We have audited financial report of Tanunda Hill Vineyard Limited for the financial year ended 30 June 2007 as set out on pages 7 to 24.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, 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 report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Tanunda Hill Vineyard Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 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) the financial report of the company also comply with International Financial Reporting Standards as disclosed in note 1(a).



Nexia Court & Co.
Chartered Accountants

Sydney

Date: 28 September 2007



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