

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

TABLE OF CONTENTS

Directors' Report	1 - 2
Auditor's Independence Declaration	3
Financial Report	
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 12
Directors' Declaration	13
Independent Review Report	14

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

DIRECTORS' REPORT

Your directors present their report on the company for the half year ended 31 December 2007.

Directors

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

Ronald M Collins
Philip J Slee
Neil A McGuigan
David S White
Gordon S Cooper

Operating Results

The profit of the company for the half year after providing for income tax amounted to \$25,709.

Review of Operations

A review of the operations of the company during the half year and the results of those operations found that: -

Tanunda Hill Vineyard

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

Barossa Infrastructure Limited

At 31 December 2007 the company continued to own 623,195 shares in Barossa Infrastructure Limited (30 June 2007 623,195 shares) so that each grower 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 when 100% entitlement is available. During the current irrigation season, however, our entitlement was reduced to 32% of our rights. As a result, an additional 300 megalitres of temporary water was purchased on the open market to ensure that sufficient water was available to the vineyard. We were also able to utilize water reserves in the dam. Approximately 1/3 of the water was sold on to the Tanunda Hill Project Stage 2.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the period.

Principal Activities

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

After Balance Date Events

No matters or circumstances have arisen since the end of the period 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 periods.

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.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the half year. No recommendation for payment of dividends has been made.

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

DIRECTORS' REPORT (continued)

Indemnification of Officer or Auditor

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

The Company under its Articles of Association agrees to indemnify every director and officer of the Company against liability incurred as a director or officer to the extent permitted by the Corporations Law.

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

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 part of those proceedings. The company was not a party to any such proceedings during the period. Lead Auditor's Independence Declaration

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 3 and forms part of the directors' report for period ended 31 December 2007.

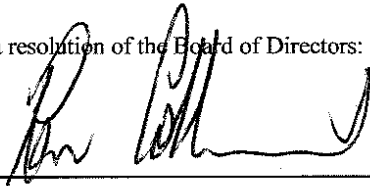
Proceedings on Behalf of the Company

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.

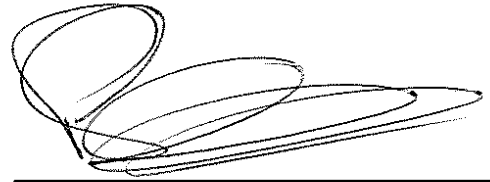
Signed in accordance with a resolution of the Board of Directors:

Director



Ronald M Collins

Director



Philip J Slee

Dated this 3rd day of March 2008

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

TANUNDA HILL VINEYARD LIMITED

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

To the directors of Tanunda Hill Vineyard Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 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: 4 March 2008

Robert Mayberry
Partner

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264 George Street,
Sydney NSW 2000
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T 61 2 9251 4600
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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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NEXIA INTERNATIONAL - A WORLDWIDE
NETWORK OF INDEPENDENT ACCOUNTING
AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Notes	December 2007 \$	December 2006 \$
Revenue	2	455,749	312,105
Infrastructure and water costs		(396,236)	(278,406)
Depreciation and amortisation expenses	3	(2,724)	(2,724)
Other expenses		(31,074)	(24,777)
Borrowing costs expense	3	<u>(6)</u>	<u>-</u>
Profit before income tax		25,709	6,198
Income tax expense		<u>-</u>	<u>-</u>
Profit attributable to members	3	<u>25,709</u>	<u>6,198</u>
Earnings Per Shares:			
Basic earnings per shares (cents per shares)		0.70	0.17

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	December 2007 \$	June 2007 \$
CURRENT ASSETS			
Cash and cash equivalents	4	3,642	32,371
Trade and other receivables	5	33,735	1,735
Inventories	8	46,676	102,845
Other assets	7	<u>350,295</u>	<u>442,312</u>
TOTAL CURRENT ASSETS		<u>434,348</u>	<u>579,263</u>
NON-CURRENT ASSETS			
Financial assets	9	623,195	623,195
Property, plant and equipment	10	2,888,302	2,891,025
Deferred tax assets	6	<u>1,350</u>	<u>1,350</u>
TOTAL NON-CURRENT ASSETS		<u>3,512,847</u>	<u>3,515,570</u>
TOTAL ASSETS		<u>3,947,195</u>	<u>4,094,833</u>
CURRENT LIABILITIES			
Trade and other payables	11	127,722	423,705
Other liabilities	12	<u>122,636</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>250,358</u>	<u>423,705</u>
TOTAL LIABILITIES		<u>250,358</u>	<u>423,705</u>
NET ASSETS		<u>3,696,837</u>	<u>3,671,128</u>
EQUITY			
Contributed equity		3,606,288	3,606,288
Retained profits		<u>90,549</u>	<u>64,840</u>
TOTAL EQUITY		<u>3,696,837</u>	<u>3,671,128</u>

TANUNDA HILL VINEYARD LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Note	Ordinary Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance 1 July 2006	3,606,288	56,092	3,662,380
Profit attributable to members	-	6,198	6,198
Balance 31 December 2006	<u>3,606,266</u>	<u>62,290</u>	<u>3,668,556</u>
Balance 1 July 2007	3,606,288	64,840	3,671,128
Profit attributable to members	-	25,709	25,709
Balance 31 December 2007	<u>3,606,288</u>	<u>90,549</u>	<u>3,696,837</u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Notes	December 2007 \$	December 2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from investors and customers		656,857	394,601
Payments to suppliers and employees		(560,952)	(434,873)
Interest received		123	153
Borrowing costs		<u>(6)</u>	<u>-</u>
Net cash provided by/(used in) operating activities	14(b)	<u>96,022</u>	<u>(40,119)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
(Advances to)/Repayments from - related party		<u>(124,751)</u>	<u>36,480</u>
Net cash (used in)/provided by financing activities		<u>(124,751)</u>	<u>36,480</u>
Net decrease in cash and cash equivalents		(28,729)	(3,639)
Cash and cash equivalents at beginning of period		<u>32,371</u>	<u>7,341</u>
Cash and cash equivalents at end of period	14 (a)	<u><u>3,642</u></u>	<u><u>3,702</u></u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations' Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007.

The half-year report does not include disclosures of the type normally included in an annual financial report.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

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.

(a) 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).

(b) 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 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.

(c) 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.

(d) Property, 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.

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

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.

(f) Impairment of Assets

At each reporting date, the directors review the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(h) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial half-year.

	Note	December 2007 \$	December 2006 \$
NOTE 2: REVENUE			
Operating activities			
- water and rental income		455,626	311,952
- interest: other persons		<u>123</u>	<u>153</u>
		<u><u>455,749</u></u>	<u><u>312,105</u></u>
NOTE 3: PROFIT FOR THE PERIOD			
Profit before income tax expenses has been determined after:			
(a) Expenses			
Cost of sales		396,236	278,406
Borrowing costs:			
- other persons		<u>6</u>	<u>-</u>
Depreciation of non-current assets			
- Plant and equipment		<u>2,724</u>	<u>2,724</u>
Remuneration of the auditors for			
- audit, review and other services		<u>3,750</u>	<u>2,900</u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	December 2007 \$	June 2007 \$
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank		<u>3,642</u>	<u>32,371</u>
NOTE 5: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade debtors		<u>33,735</u>	<u>1,735</u>
NOTE 6: TAX ASSETS			
NON CURRENT			
Deferred tax asset - timing differences		<u>1,350</u>	<u>1,350</u>
NOTE 7: OTHER ASSETS			
CURRENT			
Prepayments		239,723	221,145
Sundry Debtors		<u>110,572</u>	<u>221,167</u>
		<u>350,295</u>	<u>442,312</u>
NOTE 8: INVENTORIES			
CURRENT			
Water in dams		<u>46,676</u>	<u>102,845</u>
NOTE 9: FINANCIAL ASSETS			
NON-CURRENT			
Shares in Barossa Infrastructure Limited		<u>623,195</u>	<u>623,195</u>
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
LAND			
Freehold land:			
At cost		<u>2,766,590</u>	<u>2,766,590</u>
BUILDINGS			
At cost		148,676	148,676
Less accumulated depreciation		<u>(26,964)</u>	<u>(24,241)</u>
		<u>121,712</u>	<u>124,435</u>
Total land and buildings		<u>2,888,302</u>	<u>2,891,025</u>

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

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	December 2007 \$	June 2007 \$
NOTE 11: TRADE AND OTHER PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		31,509	225,330
Amounts payable to:			
- Blaxland Vineyards Limited		-	124,751
Sundry creditors and accruals expense		<u>96,213</u>	<u>73,624</u>
		<u><u>127,722</u></u>	<u><u>423,705</u></u>

NOTE 12: OTHER LIABILITIES

CURRENT

Deferred income		<u><u>122,636</u></u>	<u><u>-</u></u>
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NOTE 13: SEGMENT REPORTING

The Company operates in the viticultural industry in Australia.

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	December 2007 \$	December 2006 \$
Cash at bank	<u><u>3,642</u></u>	<u><u>3,702</u></u>

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	25,709	6,198
Non-cash flows in profit from ordinary activities		
Depreciation	2,724	2,724
Changes in assets and liabilities		
Increase in trade receivables	(32,000)	(84,000)
Decrease in other assets	92,018	128,072
Decrease in inventories	56,169	-
Increase in income accrued in advance	-	149,149
Decrease in payables	(176,234)	(242,264)
Increase in deferred income	122,636	-
Increase in provisions	<u>5,000</u>	<u>-</u>
Cash inflows/(outflows) from operations	<u><u>96,022</u></u>	<u><u>(40,119)</u></u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 15: COMPANY DETAILS

The registered office and principal place of business of the company is:

Tanunda Hill Vineyard Limited

493 High Street

MAITLAND NSW 2320

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

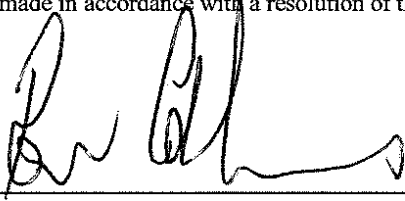
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 12 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
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 directors.

Director



Ronald M Collins

Director



Philip J Slee

Dated this 3rd day of March 2008

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
TANUNDA HILL VINEYARD LIMITED**

We have reviewed the accompanying interim financial report of Tanunda Hill Vineyard Limited, which comprises the interim balance sheet as at 31 December 2007, 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 entity.

Directors' Responsibility for the Financial Report

The directors of the company 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.

Auditor's 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 an Interim Financial Report 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 2007 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 auditor of Tanunda Hill Vineyard Limited, 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 Limited is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of Tanunda Hill Vineyard Limited's financial position as at 31 December 2007 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: 4 March 2008


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