

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

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DIRECTORS' REPORT

The directors present their report on the company together with the financial report for the half year ended 31 December 2008.

Directors

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

David S White
Gordon S Cooper
Neil A McGuigan
Philip J Slee
Ronald M Collins (resigned 31 October 2008)
Paul J Bodimeade (appointed 31 October 2008)

All directors were in office from the start of the reporting period to the date of this report unless otherwise stated.

Operating Results

The profit of the company for the half year after providing for income tax amounted to \$38,459.

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 2008 the company continued to own 623,195 shares in Barossa Infrastructure Limited (BIL) (30 June 2008 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 16% of our rights. 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 additional water was sold on to the Tanunda Hill Project Stage 2.

During the year BIL have been negotiating with the Nuriootpa Council to take grey water from the town sewerage system. This will provide surety of supply for about 10% of the vineyards needs and is guaranteed to be class "A" water which will not be detrimental to the vineyard.


Dividends Paid or Recommended


Franked dividends of \$39,000 were paid in November 2008. Directors do not recommend the payment of an interim dividend for 2009.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 2 and forms part of the directors' report for the six months ended 31 December 2008.

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

Director 
Gordon S Cooper

Director 
Philip J Slee

Dated this 10th day of MARCH 2009

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

TANUNDA HILL VINEYARD LIMITED

AUDITORS' 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 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

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

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NETWORK OF INDEPENDENT ACCOUNTING
AND CONSULTING FIRMS.



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SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
Revenue	2	346,820	455,749
Infrastructure and water costs	3	(256,905)	(396,236)
Depreciation and amortisation expenses	3	(2,724)	(2,724)
Other expenses		(32,250)	(31,074)
Finance costs	3	<u>-</u>	<u>(6)</u>
Profit before income tax		54,941	25,709
Income tax expense	4	<u>(16,482)</u>	<u>-</u>
Profit attributable to members		<u>38,459</u>	<u>25,709</u>
Earnings Per Shares:			
Basic earnings per shares (cents per shares)		1.07	0.70

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	December 2008 \$	June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents	5	85,200	9,157
Trade and other receivables	6	114,675	257,965
Other assets	7	219,824	220,425
Inventories	8	<u>36,000</u>	<u>140,840</u>
TOTAL CURRENT ASSETS		<u>455,699</u>	<u>628,387</u>
NON-CURRENT ASSETS			
Financial assets	9	623,195	623,195
Investment Property, plant and equipment	10	2,882,855	2,885,578
Deferred tax assets	11	<u>1,410</u>	<u>3,240</u>
TOTAL NON-CURRENT ASSETS		<u>3,507,460</u>	<u>3,512,013</u>
TOTAL ASSETS		<u>3,963,159</u>	<u>4,140,400</u>
CURRENT LIABILITIES			
Trade and other payables	12	151,064	410,986
Other liabilities	13	68,570	-
Current tax payable		<u>23,408</u>	<u>8,756</u>
TOTAL CURRENT LIABILITIES		<u>243,042</u>	<u>419,742</u>
TOTAL LIABILITIES		<u>243,042</u>	<u>419,742</u>
NET ASSETS		<u>3,720,117</u>	<u>3,720,658</u>
EQUITY			
Issued capital		3,606,288	3,606,288
Retained profits		<u>113,829</u>	<u>114,370</u>
TOTAL EQUITY		<u>3,720,117</u>	<u>3,720,658</u>

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

	Note	Ordinary Share Capital \$	Retained Earnings \$	Total \$
Balance 1 July 2007		3,606,288	64,840	3,671,128
Profit attributable to members of the entity		-	25,709	25,709
Balance 31 December 2007		<u>3,606,288</u>	<u>90,549</u>	<u>3,696,837</u>
Balance 1 July 2008		3,606,288	114,370	3,720,658
Profit attributable to members of the entity		-	38,459	38,459
Dividends paid		-	(39,000)	(39,000)
Balance 31 December 2008		<u>3,606,288</u>	<u>113,829</u>	<u>3,720,117</u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from investors and customers		489,954	656,857
Payments to suppliers and employees		(303,125)	(560,952)
Interest received		155	123
Borrowing costs		-	(6)
Net cash from operating activities	17(b)	<u>186,984</u>	<u>96,022</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments to related party		(71,941)	(124,751)
Dividends paid		(39,000)	-
Net cash from financing activities		<u>(110,941)</u>	<u>(124,751)</u>
Net increase/(decrease) in cash and cash equivalents		76,043	(28,729)
Cash and cash equivalents at beginning of period		<u>9,157</u>	<u>32,371</u>
Cash and cash equivalents at end of period	17(a)	<u><u>85,200</u></u>	<u><u>3,642</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

Tanunda Hill Vineyard Limited is a reporting entity. 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 2008.

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. Unless otherwise stated, the accounting policies applied in the interim financial report are the same as those applied by the company for the year ended 30 June 2008.

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 half 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) Investment 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' believe the valuation should not be adopted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant & 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.

**(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 annual 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 Balance Sheet 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.

	December 2008 \$	December 2007 \$
NOTE 2: REVENUE		
Operating activities		
- water and rental income	346,665	455,626
- interest: other persons	<u>155</u>	<u>123</u>
	<u><u>346,820</u></u>	<u><u>455,749</u></u>
NOTE 3: EXPENSES		
(a) Expenses		
Cost of sales	256,905	396,236
Borrowing costs:		
- other persons	<u>-</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	December 2008 \$	December 2007 \$
NOTE 3: EXPENSES (Continued)		
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>3,300</u>	<u>3,750</u>
NOTE 4: Income Tax Expense		
(a) The prima facie income tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2007:30%)	16,482	7,713
- Recoupment of prior year tax losses not previously brought to account	<u>-</u>	<u>(7,713)</u>
Income tax attributable to the company	<u>16,482</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows:	30%	0%
	December 2008 \$	June 2008 \$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>85,200</u>	<u>9,157</u>
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Sundry receivables	<u>114,675</u>	<u>257,965</u>
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	<u>219,824</u>	<u>220,425</u>
NOTE 8: INVENTORIES		
Assets		
CURRENT		
Water in dams	<u>36,000</u>	<u>140,840</u>

TANUNDA HILL VINEYARD LIMITED
ABN 22 093 941 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	December 2008 \$	June 2008 \$
NOTE 9: FINANCIAL ASSETS		
NON-CURRENT		
Shares in Barossa Infrastructure Limited	<u>623,195</u>	<u>623,195</u>
NOTE 10: INVESTMENT PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
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>(32,411)</u>	<u>(29,688)</u>
Total buildings	<u>116,265</u>	<u>118,988</u>
Total land and buildings	<u>2,882,855</u>	<u>2,885,578</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.		
NOTE 11: DEFERRED TAX ASSETS		
NON CURRENT		
Deferred tax asset - timing differences	<u>1,410</u>	<u>3,240</u>
NOTE 12: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities		
Trade payables	89,500	219,350
Amounts payable to:		
- Blaxland Vineyards Limited	-	71,940
Sundry creditors and accruals expense	<u>61,564</u>	<u>119,696</u>
	<u>151,064</u>	<u>410,986</u>
NOTE 13: OTHER LIABILITIES		
CURRENT		
Deferred income	<u>68,570</u>	<u>-</u>
NOTE 14: DIVIDENDS		
Fully franked dividend of 1.08 cents per share paid in November 2008	<u>39,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 15: RELATED PARTY TRANSACTIONS

The company transacts with Blaxland Vineyards Ltd in its capacity as Responsible Entity. Blaxland Vineyards Ltd derives no net income from these transactions.

NOTE 16: SEGMENT REPORTING

The Company operates in the viticultural industry in Australia.

	December 2008 \$	December 2007 \$
NOTE 17: 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:		
Cash at bank	<u>85,200</u>	<u>3,642</u>
(b) Reconciliation of cash flow from operating activities with profit from operating activities after income tax		
Profit for the half year	38,459	25,709
Non-cash flows in profit:		
Depreciation	2,724	2,724
Changes in assets and liabilities:		
Decrease in trade and other receivables	143,290	(32,000)
Decrease in other assets	601	92,018
Decrease in inventories	104,840	56,169
Decrease in payables	(187,982)	(176,234)
Increase in deferred income	68,570	122,636
Increase in provisions	<u>16,482</u>	<u>5,000</u>
Net cash from operating activities	<u>186,984</u>	<u>96,022</u>

NOTE 18: 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 3 to 11 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 2008 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



Gordon S Cooper

Director



Philip J Slee

Dated this 10th day of MARCH 2009

**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 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 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.

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 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 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
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