

TANUNDA HILL
VINEYARD PROPERTY TRUST

ARSN 104 062 919

Report on the Trust at
30 June 2007

Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792

TANUNDA HILL VINEYARD PROPERTY TRUST

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TANUNDA HILL VINEYARD PROPERTY TRUST

THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the Trust for the year ended 30 June 2007. The following persons held office as directors of the Trustee (Responsible Entity) at the date of this report and at any time during or since the end of the financial year unless otherwise stated.

Neil R. MacKenzie (Chairman)
Ronald M. Collins
Philip J. Slee

In addition Ronald M. Collins held the position of company secretary of the Trustee (Responsible Entity) at the end of the financial year.

Principal Activities

The principal activities of the Trust are the ownership of a 129.8 hectare property in the Barossa Valley near Tanunda, South Australia, which has been acquired for use in the Tanunda Hill Vineyard Project Stage 2.

Financial Highlights

The Trust recorded a profit of \$15,659 (2006: \$43,815) for the year under review. The Trust continues to own the property on which the Tanunda Hill Vineyard Project Stage 2 is conducted. The trellising system leased through Bendigo Bank will be paid out in June 2008. All lease payments have been met.

Review of Operations

The Trust maintains its ownership over the property of 129.8 hectares together with 140,000 shares in Barossa Infrastructure Limited (BIL).

The property is now mortgage free.

The Responsible Entity is leasing the property to growers through individual allotment agreements giving the growers rights to operate a vineyard on their allotments, at an annual rent of \$1,059 per allotment. The funds will be used to maintain the Trust, including the delivery of water to the vineyard, trellis rental and a fee to the Responsible Entity.

Valuation

The property owned by the trust was valued by Gaetjens Pickett, Valuers on 30 June 2007 at \$1,600,000 and the shares in Barossa infrastructure limited were valued at \$650,000. These assets cost \$1,680,000 and \$140,000 respectively. The complete vineyard was valued at \$6,500,000 which equates to \$56,500 per hectare.

Distributions

Distributions totalling \$Nil (2006: \$5,700) were declared as payable to unitholders from profits earned in 2007.

TANUNDA HILL VINEYARD PROPERTY TRUST
THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Period

At the date of this report there is no other matter or circumstance which has arisen since 30 June 2007 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 30 June 2007, of the economic entity constituted by the Tanunda Hill Vineyard Property Trust;
- b) the result of those operations; or
- c) the state of affairs, in financial years subsequent to 30 June 2007, of the economic entity.

Future Developments

There are no developments proposed which would affect the operation of the Trust and the Directors do not envisage acquiring any further properties or other assets within the Trust.

Environmental Regulation

The Trust's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Options

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

Interests Issued

In the year to 30 June 2007, 7 parcels of interests representing 2,000 units each were issued in the Trust with a total value of \$14,000. No units were redeemed in the current year. At 30 June 2007, there were 1,859,000 units issued in the Trust.

Fees Paid to the Responsible Entity

During the period under review \$2,300 (2006:\$2,300) was paid to Blaxland Vineyards Limited from Tanunda Hill Vineyard Property Trust as fees to manage the Trust.

Number of Interests held by the Responsible Entity

The Responsible Entity and its associates own 607,500 units (2006: 571,500) in the Property Trust.

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.


TANUNDA HILL VINEYARD PROPERTY TRUST
THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

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

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

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

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



Ronald M. Collins
Director



Philip J. Slee
Director

Dated: 18 September 2007

NEXIA COURT & CO



CHARTERED
ACCOUNTANTS

ABN 71 502 156 733

TANUNDA HILL VINEYARD PROPERTY TRUST

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE RESPONSIBLE ENTITY

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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

A handwritten signature in black ink, appearing to read "Robert Mayberry".

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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AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

TANUNDA HILL VINEYARD PROPERTY TRUST

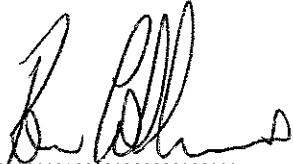
DIRECTORS' DECLARATION

The directors of Blaxland Vineyards Limited, the Responsible Entity of Tanunda Hill Vineyard Property Trust, declare that:


1. The financial statements and notes of the Tanunda Hill Vineyard Property Trust are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and performance for year ended on that date of the Trust;
2. In the directors' opinion there are reasonable grounds to believe that the Trust 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: /⁸ September 2007

TANUNDA HILL VINEYARD PROPERTY TRUST

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenues from continuing operations	2	314,157	275,895
Expenses from continuing operations	3	298,498	232,080
Profit before income tax		<u>15,659</u>	<u>43,815</u>
Income tax expense	1	<u>-</u>	<u>-</u>
Profit for the year		<u>15,659</u>	<u>43,815</u>

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash assets	4	10,044	23,880
Receivables	5	74,242	9,725
TOTAL CURRENT ASSETS		<u>84,286</u>	<u>33,605</u>
NON-CURRENT ASSETS			
Other Financial Assets	6	140,000	140,000
Property, plant and equipment	7	1,977,057	2,026,472
TOTAL NON-CURRENT ASSETS		<u>2,117,057</u>	<u>2,166,472</u>
TOTAL ASSETS		<u>2,201,343</u>	<u>2,200,077</u>
CURRENT LIABILITIES			
Payables	8	75,998	9,169
Interest bearing liabilities	9	112,269	95,222
TOTAL CURRENT LIABILITIES		<u>188,267</u>	<u>104,391</u>
NON CURRENT LIABILITIES			
Interest bearing liabilities	9	-	112,269
TOTAL NON CURRENT LIABILITIES		<u>-</u>	<u>112,269</u>
TOTAL LIABILITIES		<u>188,267</u>	<u>216,660</u>
NET ASSETS		<u>2,013,076</u>	<u>1,983,417</u>
EQUITY		<u>2,013,076</u>	<u>1,983,417</u>

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

2006				
	Note	Units on Issue \$	Retained Earnings \$	Total \$
Balance at 1 July 2005		1,369,200	100,302	1,469,502
Profit attributable to growers			43,815	43,815
Equity introduced		475,800		475,800
Distribution to unitholders			(5,700)	(5,700)
Balance at 30 June 2006		<u>1,845,000</u>	<u>138,417</u>	<u>1,983,417</u>
2007				
	Note	Units on Issue \$	Retained Earnings \$	Total \$
Balance at 1 July 2006		1,845,000	138,417	1,983,417
Profit attributable to growers			15,659	15,659
Equity introduced		14,000		14,000
Distribution to unitholders			-	-
Balance at 30 June 2007		<u>1,859,000</u>	<u>154,076</u>	<u>2,013,076</u>

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROPERTY TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	246,247	269,821
Payment to suppliers	(158,996)	(176,462)
Interest received	507	3,345
Interest paid	(14,672)	(22,362)
Net cash from operating activities	73,086	74,342
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	14,000	475,800
Distribution to unitholders	(5,700)	(68,040)
Repayment of loan	(95,222)	(87,531)
Repayment of loan to related entity	-	(457,114)
Net cash (outflow) from financing activities	(86,922)	(136,885)
Net (decrease) increase in cash held	(13,836)	(62,543)
Cash at Beginning of Financial Year	23,880	86,423
Cash at end of year	10,044	23,880

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at Bank	10,044	23,880
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Reconciliation of profit after tax to net cash inflow from operating activities

Profit for the year	15,659	43,815
Amortisation of non current assets	49,416	49,416
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(64,517)	(2,729)
(Decrease)/Increase in payables	72,528	(16,160)
Net cash from operating activities	73,086	74,342

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The Accounting Standards have been consistently applied unless otherwise stated. The following specific policies have been applied consistently unless otherwise stated:

Income Tax

Under current income tax legislation, the Trust is not liable to income tax provided its taxable income is fully distributed to unitholders.

Real Property

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

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Revenue

Rental income is brought to account on an accruals basis

Accounts Payable

These amounts represent liabilities for services provided to the economic entity prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$	2006 \$
2. REVENUE		
Operating activities		
- rent from growers	313,650	272,550
- interest income	507	3,345
Total revenue	314,157	275,895
3. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
Cost of Sales:		
Water Supply	140,000	70,707
Water Infrastructure	63,600	63,600
	203,600	134,307
Expenses:		
Bank charges	321	369
Amortisation	49,416	49,416
Lease Interest	14,672	22,362
Management fees	2,300	2,300
Compliance Committee fees	3,500	3,500
Rates	14,974	12,528
Other	1,000	1,298
Remuneration of auditor		
- audit	7,005	6,000
- other services	1,710	-
	8,715	97,773
4. CASH		
Cash in Trust bank account	10,044	23,880
	10,044	23,880
5. RECEIVABLES		
Trade debtors	942	3,619
Other debtors	70,080	-
GST receivable	3,220	6,106
	74,242	9,725
6. OTHER FINANCIAL ASSETS		
Investment in BIL Scheme	140,000	140,000
Refer valuation comment in Note 7		

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$	2006 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Freehold land – at cost	1,680,564	1,680,564
Equipment under finance lease	658,011	658,011
Less Accumulated Amortisation	(361,519)	(312,103)
Total property, plant and equipment	1,977,056	2,026,472
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 and water only was assessed as \$2,250,000.		
8. PAYABLES		
Current		
Distribution Payable	-	5,700
Other Creditors	75,998	3,469
	75,998	9,169
9. INTEREST BEARING LIABILITIES		
Current		
Lease liability	118,575	109,894
Unexpired lease interest	(6,306)	(14,672)
	112,269	95,222
Non-Current		
Lease liability	-	118,575
Unexpired lease interest	-	(6,306)
	-	112,269
10. INCOME TAX		
The Trust is not a taxable entity. Any taxable profits must be distributed to unit holders and taxed in their hands		
Accounting Profit	15,659	43,815
Non deductible expenses	-	-
Amortisation	49,416	49,416
Lease interest	14,672	22,362
Deductible lease costs	(109,893)	(109,893)
	(30,146)	5,700
Less: Tax losses brought forward	-	-
Current taxable profit/(loss)	(30,146)	5,700
Taxable Profit has been fully distributed		

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$	2006 \$
11. COMMITMENTS		
Future water infrastructure and water delivery commitments that have not been recognized in the statement of financial position as a liability Payable		
Not longer than one year	127,170	124,990
Longer than one year but not longer than five years	388,680	346,360
Longer than five years	710,160	787,710
	1,226,010	1,259,060
Future lease payments recognised as a liability in the statement of financial position: Payable		
Not longer than one year	118,575	109,894
Longer than one year but not longer than five years	-	118,575
Longer than five years	-	-
	118,575	228,469

12. RELATED PARTY TRANSACTIONS

- (a) Key Management Personnel
Key management personnel in office during the financial year:

Name	Position
Ron Collins	Director
Philip Slee	Director

No compensation was paid to key management personnel during the year.

- (b) Transactions with Related Entities
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

- (i) Tanunda Hill Vineyard Property Trust is a "Managed Investment Scheme" for which the "Responsible Entity" is Blaxland Vineyards Limited (ABN: 61 067 514 792) of 493 High Street, Maitland, NSW.2320.

Fees retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$2,300 (2006 \$2,300). The Responsible Entity or its associates hold 607,500 units in the Trust.

13. SEGMENT REPORTING

The Trust operates in the viticultural industry in Australia.

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS

Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2007 %	2006 %	2007 \$	2006 \$
Financial Assets				
Cash	2.4%	3.6%	10,044	23,880

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2007 to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The Trust does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Trust 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 and forming part of the financial statements.

15. THE PROPERTY TRUST

The Tanunda Hill Vineyard Property Trust (ARSN 104 062 919) located at Les Dunkley Road Sheaoak Log Nuriootpa SA 5355 is a Managed Investment Scheme for the which the Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792) who's registered address and who's address for administration purposes is 493 High Street Maitland NSW 2320.

INDEPENDENT AUDIT REPORT TO THE RESPONSIBLE ENTITY OF TANUNDA HILL VINEYARD PROPERTY TRUST

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Scope

We have audited financial report of Tanunda Hill Vineyard Property Trust for the financial year ended 30 June 2007 as set out on pages 7 to 15.

The Responsible Entity'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 Responsible Entity.

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 project's financial position and performance as represented by the results of their operations and their 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 Property Trust is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the project'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) Other mandatory professional reporting requirements in Australia.

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 Willford
Sean P Urquhart
Robert Mayberry



Nexia Court & Co.
Chartered Accountants
Sydney

Dated: 28 September 2007



Robert Mayberry
Partner

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AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

TANUNDA HILL VINEYARD PROPERTY TRUST

DIRECTORY

Responsible Entity

Blaxland Vineyards Limited

Registered Office:

493 High Street

Maitland, NSW, 2320

Phone: (02) 4934 7622

Directors of the Responsible Entity

Neil R. MacKenzie

Ronald M. Collins

Philip J. Slee

Independent Accountants and Auditors of the Project

Nexia Court & Co Chartered Accountants

Australia Square

Level 29, 264 George Street

Sydney NSW 2000

Property Location

Les Dunkley Road

SHEAOAK LOG

NURIOOTPA SA 5355

Property Trust Administration

Blaxland Vineyards Limited

PO Box 737

MAITLAND NSW 2320