

TANUNDA HILL
VINEYARD PROPERTY TRUST
ARSN 104 062 919

Report for the half-year
ended 31 December 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

DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the project for the half year ended 31 December 2007. The following persons held office as directors of the Responsible Entity during the financial period and to the date of this report.

Neil R. MacKenzie - Chairman
Ronald M. Collins
Philip J. Slee

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.

The trust also owns 140,000 shares in Barossa Infrastructure Limited (BIL) which entitles it to 110 megalitres of irrigation water annually.

Financial Highlights

The Trust recorded a profit of \$8,268 (2006: loss of \$20,583) for the half year under review.

Review of Operations

The Tanunda Hill Vineyard Property Trust continued the ownership and management of the Tanunda Hill Vineyard Property.

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 cost of \$1,517 (including GST) per allotment per year. The funds will be used to maintain the Trust, the Trust's property and pay a fee to the Responsible Entity.

Distributions Paid

During the period under review, there was no distribution paid to unit holders.

Matters Subsequent to the End of the Period

At the date of this report there is no other matter or circumstance which has arisen since 31 December 2007 that has significantly affected or may significantly affect:

- a) the operations, in the financial years subsequent to 31 December 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 31 December 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.

TANUNDA HILL VINEYARD PROPERTY TRUST

DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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 units or interests in the Trust were granted during or since the end of the period and there were no options outstanding at the date of this report.

Interests Issued

During the half year to December 2007, there were no units issued in or redeemed from the Trust. At 31 December 2007 there were 1,859,000 units issued in the Trust.

Fees Paid to the Responsible Entity

During the half year under review no fees were paid to Blaxland Vineyards Limited 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.

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

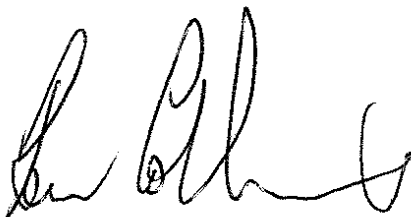
No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

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

Auditor's Independence Declaration

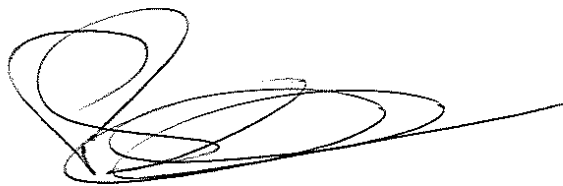
The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial period ended 31 December 2007.

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



Ronald M. Collins
Director

Dated: 3 March 2008



Philip J. Slee
Director

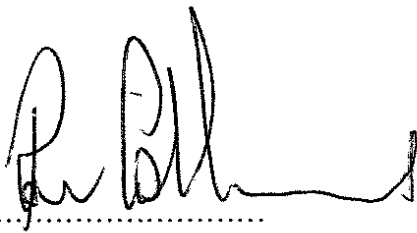
TANUNDA HILL VINEYARD PROPERTY TRUST

DIRECTORS' DECLARATION

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

- (a) comply with Australian Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
- (b) give a true and fair view of the Trust's financial position as at 31 December 2007 and its performance for the half year ended on that date;
- (c) In our 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 of the Responsible Entity.



.....
Ronald M. Collins
Director



.....
Philip J. Slee
Director

Dated 3 March 2008.

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

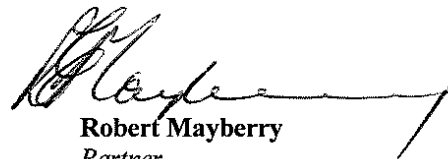
To the directors of the responsible entity of Tanunda Hill Vineyard Property Trust:

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.

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Nexia Court & Co
Chartered Accountants


Robert Mayberry
Partner

Sydney

Dated: 4 March 2008

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 PROPERTY TRUST
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

| | Note | 31 Dec 2007 \$ | 31 Dec 2006 \$ |
|--|------|-------------------|-------------------|
| Revenues | 2 | 169,306 | 121,932 |
| Expenses | 3 | (161,038) | (142,515) |
| | | 8,268 | (20,583) |
| Profit/(Loss) before income tax | | 8,268 | (20,583) |
| Income tax | | - | - |
| Profit/(Loss) for the half year | | 8,268 | (20,583) |

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

| | Note | 31 Dec 2007 \$ | 30 Jun 2007 \$ |
|----------------------------------|------|-------------------------------|-------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 58,708 | 10,044 |
| Trade and other receivables | 5 | 101,945 | 74,242 |
| Other assets | 6 | <u>29,950</u> | <u>-</u> |
| TOTAL CURRENT ASSETS | | <u><u>190,603</u></u> | <u><u>84,286</u></u> |
| NON CURRENT ASSETS | | | |
| Other financial assets | 7 | 140,000 | 140,000 |
| Property, plant and equipment | 8 | <u>1,952,349</u> | <u>1,977,057</u> |
| TOTAL NON CURRENT ASSETS | | <u><u>2,092,349</u></u> | <u><u>2,117,057</u></u> |
| TOTAL ASSETS | | <u><u>2,282,952</u></u> | <u><u>2,201,343</u></u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 199,631 | 75,998 |
| Interest bearing liabilities | 10 | <u>61,976</u> | <u>112,269</u> |
| TOTAL CURRENT LIABILITIES | | <u><u>261,607</u></u> | <u><u>188,267</u></u> |
| TOTAL LIABILITIES | | <u><u>261,607</u></u> | <u><u>188,267</u></u> |
| NET ASSETS | | <u><u>2,021,345</u></u> | <u><u>2,013,076</u></u> |
| EQUITY | | <u><u>2,021,345</u></u> | <u><u>2,013,076</u></u> |

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

2006

| | Note | Growers' Equity \$ | Retained Earnings \$ | Total \$ |
|------------------------------------|------|--------------------------|----------------------------|------------------|
| Balance at 1 July 2006 | | 1,845,000 | 138,417 | 1,983,417 |
| (Loss) attributable to unitholders | | - | (20,583) | (20,583) |
| Equity introduced | | 12,000 | - | 12,000 |
| Balance at 31 December 2006 | | <u>1,857,000</u> | <u>117,834</u> | <u>1,974,834</u> |

2007

| | Note | Growers' Equity \$ | Retained Earnings \$ | Total \$ |
|------------------------------------|------|--------------------------|----------------------------|------------------|
| Balance at 1 July 2007 | | 1,859,000 | 154,076 | 2,013,076 |
| Profit attributable to unitholders | | - | 8,268 | 8,268 |
| Balance at 31 December 2007 | | <u>1,859,000</u> | <u>162,344</u> | <u>2,021,344</u> |

TANUNDA HILL VINEYARD PROPERTY TRUST

**CASH FLOW STATEMENT FOR THE
HALF YEAR ENDED 31 DECEMBER 2007**

| | 31 Dec 2007 | 31 Dec 2006 |
|---|------------------------|------------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 307,477 | 181,247 |
| Payment to suppliers | (204,347) | (63,432) |
| Interest received | 71 | 147 |
| Interest paid | (4,244) | (8,338) |
| Net cash inflow from operating activities | 98,957 | 109,624 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of units | - | 12,000 |
| Reduction of loan | (50,293) | (46,610) |
| Distribution to unitholders | - | (5,700) |
| Net cash outflow from financing activities | (50,293) | (40,310) |
| Net increase in cash and cash equivalents | 48,664 | 69,314 |
| Cash and cash equivalents at beginning of financial period | 10,044 | 23,880 |
| Cash and cash equivalents at end of financial period | 58,708 | 93,194 |

NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash and cash equivalents

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

| | | |
|--------------|--------|--------|
| Cash at Bank | 58,708 | 93,194 |
|--------------|--------|--------|

Reconciliation of profit after income tax to net cash inflow from operating activities

| | | |
|--|---------------|----------------|
| Profit/(Loss) for the half year | 8,268 | (20,583) |
| Amortisation of non current assets | 24,708 | 24,708 |
| Changes in assets and liabilities | | |
| Increase in receivables | (27,703) | (63,079) |
| Increase in prepayments | (29,950) | - |
| (Decrease)/Increase in payables | (45,531) | 46,793 |
| Increase in income in advance | 169,165 | 121,785 |
| Net cash inflow from operating activities | 98,957 | 109,624 |

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are General Purpose Accounts and have been prepared in accordance with the Accounting Standard AASB134: Interim Financial Reporting, the Corporations Act 2001 and the requirements of the Trust Constitution.

The accounting policies have been consistently applied and are consistent with those of the previous financial year and corresponding half-year unless otherwise stated. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2007.

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 manager considers it is in the interests of the unitholders. Any real property must be revalued in the accounts of the Trust in accordance with any valuation undertaken unless the Trustee believes the valuation should not be adopted.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents 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.

| | 31 Dec 2007 | 31 Dec 2006 |
|------------------------------------|------------------------|------------------------|
| | \$ | \$ |
| 2. REVENUE | | |
| Operating activities | | |
| - rent and water fees from growers | 169,235 | 121,785 |
| - interest income | 71 | 147 |
| Total revenue | 169,306 | 121,932 |

TANUNDA HILL VINEYARD PROPERTY TRUST

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 2007**

| | 31 Dec 2007 | 31 Dec 2006 |
|--|------------------------|------------------------|
| | <u>\$</u> | <u>\$</u> |
| 3. PROFIT FOR THE PERIOD | | |
| Profit before income tax has been determined after: | | |
| Cost of sales | 116,840 | 96,800 |
| Amortisation | 24,708 | 24,708 |
| Compliance Committee fees | 1,750 | 1,750 |
| Consultants fees | 3,500 | - |
| Lease interest | 4,244 | 8,338 |
| Management fees | 1,150 | 1,150 |
| Rates | 6,451 | 6,442 |
| Remuneration of auditor | | |
| - audit | 2,267 | 3,140 |
| Other Charges | 128 | 187 |
| | <u>161,038</u> | <u>142,515</u> |
| | 31 Dec 2007 | 30 Jun 2007 |
| | <u>\$</u> | <u>\$</u> |
| 4. CASH AND CASH EQUIVALENTS | | |
| Cash in Trust bank account | | |
| Cash in Trust bank Account | 58,708 | 10,044 |
| | <u>58,708</u> | <u>10,044</u> |
| 5. TRADE AND OTHER RECEIVABLES | | |
| Trade Debtors | 101,945 | 942 |
| Other Debtors | - | 70,080 |
| GST Receivable | - | 3,220 |
| | <u>101,945</u> | <u>74,242</u> |
| 6. OTHER ASSETS | | |
| Current | | |
| Prepayments | 29,950 | - |
| | <u>29,950</u> | <u>-</u> |
| 7. OTHER FINANCIAL ASSETS | | |
| Non current | | |
| Investment in BIL | 140,000 | 140,000 |
| | <u>140,000</u> | <u>140,000</u> |

TANUNDA HILL VINEYARD PROPERTY TRUST

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 2007**

| | 31 Dec 2007 | 30 Jun 2007 |
|---|------------------------|------------------------|
| | \$ | \$ |
| 8. 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 | (386,226) | (361,519) |
| Total property, plant and equipment | 1,952,349 | 1,977,056 |
| A valuation was performed by Colin Pickett, Certified Australian Practising Valuer, Associate Australian Property Institute of Gaetjens Pickett Valuers at 30 June 2007. The market value of the land and water was assessed as \$2,250,000 | | |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Income in advance | 169,165 | - |
| Other creditors | 22,820 | 75,998 |
| GST Payable | 7,646 | - |
| | 199,631 | 75,998 |
| 10. INTEREST BEARING LIABILITIES | | |
| Current | | |
| Lease liability | 64,038 | 118,575 |
| Unexpired lease interest | (2,062) | (6,306) |
| | 61,976 | 112,269 |

11. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

12. THE PROPERTY TRUST

The Tanunda Hill Vineyard Project Stage 2 (ARSN 104 063 238) located at Les Dunkley Road Sheoak Log Nuriootpa SA 5355 is a Managed Investment Scheme for 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 REVIEW REPORT
TO THE RESPONSIBLE ENTITY OF
TANUNDA HILL VINEYARD PROPERTY TRUST**

We have reviewed the accompanying interim financial report of Tanunda Hill Vineyard Property Trust, 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 responsible entity.

Directors' Responsibility for the Financial Report

The directors of the responsible entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Property Trust, 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 Property Trust is not in accordance with the Corporations Act 2001 including:


- a. giving a true and fair view of Tanunda Hill Vineyard Property Trust 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

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

Custodian

Blaxland Vineyards Limited
493 High Street
Maitland NSW 2320

Independent Accountants and Auditors of the Project

Nexia Court & Co Chartered Accountants
Australia Square
Level 29, 264 George Street
Sydney NSW 2000

Project Location

Les Dunkley Road
SHEAOAK LOG
NURIOOTPA SA 5355

Project Administration

Blaxland Vineyards Limited
PO Box 737
MAITLAND NSW 2320