

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Financial Statements

For the Year Ended 30 June 2011

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

For the Year Ended 30 June 2011

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income for the financial year ended 30 June 2011	7
Statement of Financial Position as at 30 June 2011	8
Statement of changes in equity for the financial year ended 30 June 2011	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	29
Independent Audit Report	30

The financial report covers Tanunda Hill Vineyard Limited as an individual entity. The financial report is presented in Australian currency.

The financial report was authorised for issue by the directors on September 2011. The directors have the power to amend and reissue the financial report.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Directors' Report

30 June 2011

Your directors present their report on the company for the financial year ended 30 June 2011.

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

Philip J Slee

Gordon S Cooper

Paul J Bodimeade

Geoffrey Catt

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 person held the position of company secretary at the end of the financial year:

Philip J Slee - refer to "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 from ordinary activities after providing for income tax amounted to \$78,510 (2010: \$75,239).

(b) Dividends paid or recommended

A fully franked dividend of \$58,500 was paid out of profits for the year ended 30 June 2010. The directors recommend no final fully franked dividend be paid for 2011.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Directors' Report

30 June 2011

(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 Barnden Properties, Valuers in June 2010 at \$6,510,000, including all buildings and the shares in Barossa infrastructure Limited. These assets cost \$3,538,461. The complete vineyard was valued at \$14,500,000 which equates to \$55,470 per hectare. This is in line with previous valuations. (2007: \$14,000,000).

Barossa Infrastructure Limited

At 30 June 2011 the company continued to own 623,195 shares in Barossa Infrastructure Limited (2010: 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. In 2011 the vineyard received heavy rainfall which meant water drawn from meters was well down on the previous year.

3. Financial review

The net assets of Tanunda Hill Vineyard Limited have increased by \$20,010 from \$3,774,236 to \$3,794,246 in 2011. The increase has resulted from the profit from operations less the paid dividend of \$58,500.

4. Director Information

(a) Information on Directors

Philip J Slee CA	Age 64
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.
Gordon S Cooper AM, BSc (Econ), FCA, FTIA, FAICD	Age 60
Position	Non executive director
Experience	Gordon Cooper is a Chartered Accountant who has his own tax consulting practice. Also, he is a Visiting Professorial Fellow 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 six vineyards. In addition, he is a director of a number of private companies.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Directors' Report

30 June 2011

4. Director Information (continued)

(a) Information on Directors (continued)

Paul J Bodimeade	Age 54
Positions	Non executive director
Experience	Paul Bodimeade is a Brisbane based Financial Services Specialist with a number of clients represented in this Project. He is a Chartered Accountant with 22 years experience as a partner with Deloitte Touche Tohmatsu and is now the Managing Director of Managed Financial Strategy Limited.
Geoffrey Catt FPA Fellow, CFP	Age 63
Position	Non executive director
Experience	Geoff Catt is an Adelaide based Certified Financial Planner with a number of clients represented in this Project. He has been a face to face financial planner since 1981.

(b) Meetings of Directors

During the financial year, 2 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Philip J Slee	2	2
Gordon S Cooper	2	2
Paul J Bodimeade	2	2
Geoffrey Catt	2	2

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 issued 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.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Directors' Report

30 June 2011

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 the company's state of affairs occurred during the financial year.

(b) Likely developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

(c) After balance day events

No 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.

(d) Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 6.

(e) 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

(f) Non-audit services

During the year Nexia Court & Co, the company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risk and rewards.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

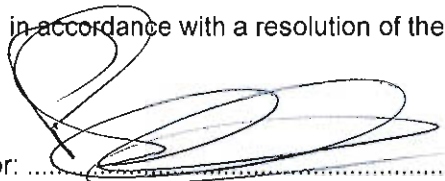
Directors' Report

30 June 2011

(f) Non-audit services (contd)

Details of the amounts paid to the auditor of the company, Nexia Court & Co, for audit and non-audit services provided during the year are set out in note 16.

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

Director: 
Philip J Stee

Director: 
Gordon S Cooper

Dated this Sixteenth day of September 2011

The Board of Directors
Tanunda Hill Vineyard Limited
26 Greenock Road
Nuriootpa SA 5355

Date: 15 September 2011

Dear Board Members

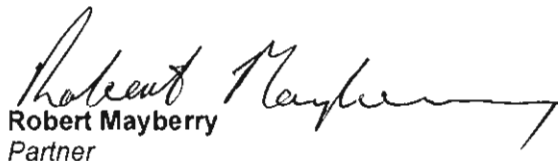
Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Tanunda Hill Vineyard Limited.

As lead audit partner for the audit of the financial statements of Tanunda Hill Vineyard Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely


Robert Mayberry
Partner


Nexia Court & Co
Chartered Accountants



Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Statement of Comprehensive Income

For the Year Ended 30 June 2011

	2011	2010
Note	\$	\$
Revenue	4(a) 548,982	634,527
Finance income	4(b) 809	181
Infrastructure costs	(149,520)	(149,520)
Water costs	(221,745)	(305,424)
Directors fees expense	(10,000)	(10,000)
Depreciation, amortisation and impairments	(4,847)	(4,848)
Other expenses	(51,522)	(57,431)
Finance costs	-	-
Profit before income tax	112,157	107,485
Income tax expense	(33,647)	(32,246)
Profit attributable to members	78,510	75,239
Other comprehensive income	-	-
Total comprehensive income attributable to members	78,510	75,239
 Earnings Per Share:		
Overall operations:		
Basic earnings per share (cents per share)	2.18	2.09

The above statement should be read in conjunction with the accompanying notes.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Statement of Financial Position as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	216,181	258,006
Trade and other receivables		78,259	-
Inventories	9	103,360	109,952
Other current assets	10	299,039	299,039
Total current assets		696,839	666,997
Non-current assets			
Financial assets	11	623,195	623,195
Property, plant and equipment	12	2,844,326	2,849,174
Deferred tax assets	14	3,600	4,020
Total non-current assets		3,471,121	3,476,389
TOTAL ASSETS		4,167,960	4,143,386
LIABILITIES			
Current liabilities			
Trade and other payables	13	166,084	273,643
Other current liabilities		192,544	78,000
Current tax liabilities		15,086	17,507
Total current liabilities		373,714	369,150
TOTAL LIABILITIES		373,714	369,150
NET ASSETS		3,794,246	3,774,236
EQUITY			
Issued capital	15	3,606,288	3,606,288
Retained earnings		187,958	167,948
TOTAL EQUITY		3,794,246	3,774,236

The above statement should be read in conjunction with the accompanying notes.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Statement of Changes in Equity

For the Year Ended 30 June 2011

	2010		
	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Opening balance	3,606,288	131,759	3,738,047
Profit for the year	-	75,239	75,239
Dividends paid or provided for	-	(39,050)	(39,050)
Balance at 30 June 2010	3,606,288	167,948	3,774,236

	2011		
	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Opening balance	3,606,288	167,948	3,774,236
Profit for the year	-	78,510	78,510
Dividends paid or provided for	-	(58,500)	(58,500)
Balance at 30 June 2010	3,606,288	187,958	3,794,246

The above statement should be read in conjunction with the accompanying notes.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash from operating activities:			
Receipts from customers		470,725	810,674
Payments to suppliers and employees		(419,212)	(533,781)
Interest received		809	181
Interest paid		-	-
Income taxes paid		(35,647)	(39,685)
Net cash provided by (used in) operating activities	22	<u>16,675</u>	<u>237,389</u>
Cash flows from investing activities:			
Payments for property, plant and equipment		-	-
Net cash provided by (used in) investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities:			
Repayment of borrowings - related party		-	-
Dividends paid		(58,500)	(39,050)
Net cash provided by (used in) financing activities		<u>(58,500)</u>	<u>(39,050)</u>
Other activities:			
Net increase (decreases) in cash held		(41,825)	198,339
Cash at beginning of financial year		<u>258,006</u>	<u>59,667</u>
Cash at end of financial year	8	<u><u>216,181</u></u>	<u><u>258,006</u></u>

The above statement should be read in conjunction with the accompanying notes.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies

(a) Reporting Entity and Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs'), (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

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

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

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 Taxes

Current Income Tax expense

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 Statement of Financial Position as at 30 June 2011 date.

Deferred income tax assets

Deferred tax is accounted for using the Statement of Financial Position as at 30 June 2011 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

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(d) Income Taxes (Continued)

Deferred income tax assets (Continued)

realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income for the financial year ended 30 June 2011 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 Statement of Financial Position as at 30 June 2011.

(f) 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.

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 the useful lives of the assets, commencing from the time the asset is held ready for use.

(g) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

Non-derivative financial instruments (Continued)

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Held-to-maturity investments

If the company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

Share capital

(i) Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

(iii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(h) Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(h) Impairment (Continued)

Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(j) 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 Statement of Financial Position as at 30 June 2011 are shown inclusive of GST.

(k) Comparative figures

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

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(l) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the company in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Project's 30 June 2013 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The entity has not yet determined the potential effect of the standard.
- *AASB 124 Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for the government-related entities. The amendments, which will become mandatory for the entity's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the entity's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

Other standards issued and not yet adopted will not have a material impact on the financial statements.

(m) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (Continued)

(n) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2 Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

- liquidity risk;
- market risk and
- credit risk.

This note presents information about the company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

2 Financial Risk Management (Continued)

Market risk

The company has exposure to the following risks arising from the use of financial instruments:

- Interest rate risk
- Price risk
- Currency risk

Each of these risks is discussed below.

Interest rate risk

This is the risk that changes in interest rates will affect the company's income or the value of its financial instruments. The company has immaterial exposure to changes in interest rates because they have no borrowings.

Price risk

The risk that changes in prices, such as rental prices, maintenance and infrastructure fees and water rates will affect the company. The risk of changes in these prices significantly affecting the company's profit is minimal and the board manages these risks and monitors movements in prices on a regular basis to ensure that these are acceptably addressed.

Currency risk

The risk of changes in foreign exchange rates significantly affecting the company's income. As all the company's revenue and expenses are denominated in Australian dollars, there is no material exposure to currency risk.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. There is no material credit risk to the company as there are no major receivables.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The return is adjusted each year based on growing conditions.

There were no changes in the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

3 Determination of Fair Values

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

Property, plant and equipment is measured at cost as management believe this is the best estimation of fair value.

(b) Investments in equity and debt securities

The fair value of financial assets held as available-for-sale financial assets is determined by reference to the last sale price.

(c) Non-derivative financial liabilities

Fair value is calculated based on the face value, discounted if appropriate at the market rate of interest for future principal and interest cash flows.

4 Revenue

(a) Operating activities

	2011	2010
	\$	\$
- water supply and infrastructure income	371,265	455,175
- land rental	176,997	176,966
- rental revenue for buildings	720	2,386
	<u>548,982</u>	<u>634,527</u>

(b) Finance revenue

other interest	<u>809</u>	<u>181</u>
----------------	------------	------------

5 Expenses

Infrastructure costs	149,520	149,520
Water costs	221,745	305,424

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

6 Income Tax Expense

- (a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2011	2010
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)	<u>33,647</u>	<u>32,246</u>

- (b) The components of tax expense comprise:

Current tax	34,067	32,927
Deferred tax asset	<u>(420)</u>	<u>(681)</u>
	<u>33,647</u>	<u>32,246</u>

7 Dividends

Balance of franking account

Balance of franking account at period end adjusted for franking credits arising from:

payment of provision for income tax	<u>84,790</u>	<u>92,055</u>
-------------------------------------	---------------	---------------

8 Cash and Cash Equivalents

Cash at bank	<u>216,181</u>	<u>258,006</u>
--------------	----------------	----------------

The effective interest rate on cash at bank was 0.01% (2010: 0.01%).

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as at 30 June 2011 as follows:

Cash and cash equivalents	<u>216,181</u>	<u>258,006</u>
---------------------------	----------------	----------------

9 Inventories

	2011	2010
	\$	\$
CURRENT		
At Cost		
Water in dams	<u>103,360</u>	<u>109,952</u>

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

10 Other Assets

CURRENT

Prepayments	149,520	149,520
Accrued income	149,519	149,519
	<u>299,039</u>	<u>299,039</u>

11 Financial Assets

Available for sale financial assets	623,195	623,195
Less non-current portion	<u>(623,195)</u>	<u>(623,195)</u>
Current portion	<u>-</u>	<u>-</u>

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 Barossa Infrastructure Limited. 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 2011.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

12 Investment property, Plant and Equipment

	2011 \$	2010 \$
Freehold land		
At cost	<u>2,766,590</u>	2,766,590
	<u>2,766,590</u>	2,766,590
Buildings		
At cost	109,171	109,171
Less: accumulated depreciation	<u>(39,792)</u>	<u>(36,423)</u>
	<u>69,379</u>	72,748
Furniture and equipment		
at cost	35,567	35,567
Less: accumulated depreciation	<u>(27,210)</u>	<u>(25,731)</u>
Total furniture and equipment	<u>8,357</u>	9,836
Total property, plant and equipment	<u><u>2,844,326</u></u>	<u>2,849,174</u>

(a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Furniture and equipment \$	Total \$
Prior Year				
Balance at the beginning of year	2,766,590	76,116	11,315	2,854,021
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation expense	-	(3,368)	(1,479)	(4,847)
Carrying amount at the end of year	<u>2,766,590</u>	<u>72,748</u>	<u>9,836</u>	<u>2,849,174</u>
Current Year				
Balance at the beginning of year	2,766,590	72,748	9,836	2,849,174
Depreciation expense	-	(3,369)	(1,479)	(4,848)
Carrying amount at the end of year	<u>2,766,590</u>	<u>69,379</u>	<u>8,357</u>	<u>2,844,326</u>

Property Valuation

A valuation was performed by R. G. C. Barnden FAPI, AIArb.A, Certified Practicing Valuer of Barnden Property Pty Ltd as at June 2010. The market value of the land, buildings and water was assessed as \$6,510,000.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

13 Trade and Other Payables

	2011	2010
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	-	152,245
Sundry payables and accrued expenses	166,084	121,398
	<u>166,084</u>	<u>273,643</u>

14 Tax

Assets

NON-CURRENT

Deferred tax assets comprise:

Accruals	3,600	4,020
----------	-------	-------

(i) Deferred Tax Assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Accrued expenses	<u>3,600</u>	<u>4,020</u>
------------------	--------------	--------------

Management has determined that sufficient future taxable profits will be available against which temporary differences can be utilised.

15 Issued Capital

Fully paid Ordinary	<u>3,606,288</u>	<u>3,606,288</u>
---------------------	------------------	------------------

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.

16 Auditors' Remuneration

	2011	2010
	\$	\$
Remuneration of the auditor of the company for:		
- Auditing or reviewing the financial report	12,000	15,270
- Other services	1,480	2,270

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

17 Contingent Liabilities

There are no contingent liabilities at 30 June 2011.

18 Commitments

Capital Expenditure Commitments

	2011	2010
	\$	\$
Capital expenditure commitments contracted for:		
- water infrastructure and delivery	3,911,580	4,495,060
	<u>3,911,580</u>	<u>4,495,060</u>
Payable:		
- not later than 12 months	474,800	351,100
- between 12 months and 5 years	1,899,200	2,002,480
- greater than 5 years	1,537,580	2,141,480
	<u>3,911,580</u>	<u>4,495,060</u>

19 Key Management Personnel Compensation and Related Parties

(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.

(b) Key Management Personnel

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

Key Management Personnel	Position
Philip J Slee	Director
Gordon S Cooper	Director
Paul J Bodimeade	Director
Geoffrey Catt	Director

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

19 Key Management Personnel Compensation and Related Parties (Continued)

(c) Key Management Personnel Compensation

2010	Short-term benefits Cash, salary & commissions \$	Total \$
Geoff Catt	3,333	3,333
Gordon S Cooper	3,333	3,333
Paul J Bodimeade	3,334	3,334
	<u>10,000</u>	<u>10,000</u>

2011	Short-term benefits Cash, salary & commissions \$	Total \$
Geoffrey Catt	3,333	3,333
Gordon S Cooper	3,333	3,333
Paul J Bodimeade	3,334	3,334
	<u>10,000</u>	<u>10,000</u>

(d) Shareholdings

The following directors at year end have interests in the following shares, either directly, indirectly or beneficially:

	Balance 01/07/2010	Net Movement	Balance 30/06/2011
Key Management Personnel			
Philip J Slee	73,972	-	73,972
Geoffrey Catt	9,247	-	9,247
Gordon Cooper	291,284	-	291,284
Paul J Bodimeade	32,365	-	32,365
	<u>406,868</u>	-	<u>406,868</u>

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

20 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 on classes of financial assets and financial liabilities, is as follows:

	Carrying amount	
	2011	2010
	\$	\$
Variable rate instruments		
Cash & cash equivalents	216,181	258,006
Total Financial Assets	<u>216,181</u>	<u>258,006</u>

(b) Cash flow sensitivity analysis for variable rate instruments

The company is not exposed to significant change in profit and equity as result of a change in the interest rate.

(c) Net Fair Value

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 Statement of Financial Position as at 30 June 2011 and in the notes to the financial statements.

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

	2011		2010	
	Carrying amount	Net Fair value	Carrying amount	Net Fair value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	216,181	216,181	258,006	258,006
Trade & other receivables	227,777	227,777	149,519	149,519
Available for sale financial assets	623,195	623,195	623,195	623,195
	<u>1,067,153</u>	<u>1,067,153</u>	<u>1,030,720</u>	<u>1,030,720</u>
Financial Liabilities				
Trade and other payables	166,084	166,084	273,643	273,643
Other loans and amounts due	-	-	-	-
	<u>166,084</u>	<u>166,084</u>	<u>273,643</u>	<u>273,643</u>

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

20 Financial Instruments (Continued)

(c) Net Fair Value (Continued)

Fair values are materially in line with carrying values.

No further analysis is included for Credit Risk, Liquidity Risk or Currency Risk because there is no foreseeable material risk arising from these areas.

21 Segment reporting

The company operates in the viticultural industry in Australia.

22 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2011	2010
	\$	\$
Net income/loss for the period	78,510	75,239
Adjustments for:		
Depreciation	4,847	4,847
Loss on disposal of plant and equipment	-	-
Changes in assets and liabilities		
Change in trade and term receivables	(78,257)	75,511
Change in prepayments	-	-
Change in inventories	6,592	10,798
Change in trade payables and accruals	(107,868)	433
Change in unearned income	114,544	78,000
Change in income taxes payable	(2,113)	(6,758)
Change in deferred taxes payable	420	(681)
	<u>16,675</u>	<u>237,389</u>

23 Subsequent Events

There have been no events subsequent to balance date which would have a material effect on the entity's financial statements at 30 June 2011.

Tanunda Hill Vineyard Limited

ABN: 22 093 941 256

Notes to the Financial Statements

For the Year Ended 30 June 2011

24 Company Details

Registered office

The registered office of the company is:

Tanunda Hill Vineyard Limited
C/ Blaxland Vineyards Ltd
26 Greenock Road
Nuriootpa SA 5355

Tanunda Hill Vineyard Limited

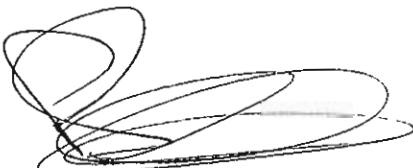
ABN: 22 093 941 256

Directors' Declaration

The directors of Tanunda Hill Vineyard Limited, declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 7 to 28 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the entity's financial position as at 30 June 2011 and of its performance for the year ended on that date;
2. note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. in the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; and

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

Director

Philip J Slee

Director

Gordon S Cooper

Dated 16 September 2011

Independent Audit Report to the members of Tanunda Hill Vineyard Limited

Report on the Financial Report

We have audited the accompanying financial report of Tanunda Hill Vineyard Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Tanunda Hill Vineyard Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.



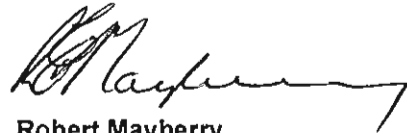
Auditor's Opinion

In our opinion:

- (a) the financial report of Tanunda Hill Vineyard Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).



Nexia Court & Co
Chartered Accountants



Robert Mayberry
Partner

Sydney

Dated: 19 SEPTEMBER, 2011