

TANUNDA HILL VINEYARD PROJECT

ARSN 095 309 363

Report on the Project at
30 June 2011

Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792

TANUNDA HILL VINEYARD PROJECT

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

The financial report was authorised for issue by the directors of the responsible entity on 15 September 2011. The directors have the power to amend and reissue the financial report.

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the Project for the year ended 30 June 2011. The following persons held office as directors at any time during or since the end of the year unless otherwise stated.

Neil R. MacKenzie	Age 56
BA(Hons), FCA	
Position	Non-executive Chairman.
Experience	Neil is a qualified Chartered Accountant with an honours degree in Business Studies. He joined Orlando Wyndham Group in 1991 as Finance Director before moving to Simeon Wines as Managing Director in 1994. He continued to build Simeon Wines to being the third largest publicly listed wine company until its merger with McGuigan Wines in 2002 and continues in undertaking a series of consulting assignments in the wine industry.
Special Responsibilities	Chairman
Ronald M. Collins	Age 66
BCom (Acct), BA	
Position	Executive director - marketing and company secretary
Experience	Ron Collins has considerable experience in the Australian finance and investment market including a number of years with Hill Samuel Australia Ltd. (now Macquarie Bank Ltd.) and 20 years running his own financial consulting business.
Special Responsibilities	Project development, sales and marketing.
Philip J. Slee	Age 64
Position	Executive director - administration
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.
Luke A. Rolley	Age 33 (resigned 24 March, 2011)

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Matthew J. Alexander	Age 45
Position	Executive director – viticulture
Experience	Matt Alexander is a third generation horticulturist with over 20 years of horticultural and viticultural management experience. Matt is the Managing Director of Advanced Viticulture and Management Pty Ltd (AV&M), one of Australia's largest privately owned vineyard management companies with over 1500 hectares under management throughout Australia. AV&M currently manages a number of Blaxland's Vineyard projects as part of their overall portfolio.
Special Responsibilities	Viticultural Management

Financial Highlights

This vineyard has had a better year compared to last year, with tonnage up 416 tonnes from 1,876 tonnes in 2010 to 2,292 tonnes in 2011 and the results improving by \$32,501 to a reduced loss of \$202,889 (2010 loss of \$235,390). The fruit was sold to the purchasers as per the various grape purchase agreements for a value of \$1,818,514 (2010: \$2,077,854). Not all of the crop was sold as grapes to third parties. Instead some is held by Blaxland as wine in bulk for sale at a future date. In these cases a grape sale to Blaxland has been booked at \$100 per tonne with a proviso that when sold by Blaxland the net proceeds less winemaking costs will be credited to the Project in that financial year. This effectively defers income into the following financial year. The total crop receipts should cover the forthcoming year's maintenance fees, water purchases and other costs.

Review of Operations

AV&M, a company associated with three Directors of Blaxland Vineyards, continued the role of maintaining the vineyard at Tanunda Hill. During the year we have concentrated on getting the best result whilst maintain costs as best as possible.

The vineyard is planted to Shiraz, Cabernet Sauvignon, and Merlot, together with smaller plantings of Petit Verdot, Tempranillo, Viognier, Sauvignon Blanc and Aglianico.

Principal Activities

The principal activity of the Project is to grow and market grapes. No significant change in the nature of these activities occurred during the year.

Distributions

No distribution was made in 2011.

Significant Changes in the State of the Affairs

There was no significant change in the state of the Project's affairs during the year.

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 2011 that has significantly affected or may significantly affect:

- the operations of the Project;
- the results of those operations; or
- the state of affairs of the Project in subsequent financial years.

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Likely Developments

There are no likely developments in the current year which would have an impact on the way the vineyard is run by Blaxland.

Environmental Regulation

The Project'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 Project were granted during or since the end of the year and there were no options outstanding at the date of this report.

Interests Issued

No growers' interests were issued during the year. There were 15 interests held by the responsible entity or its associates at the end of the financial year. There were no withdrawals from the scheme during the year. There were 780 growers interests in the Project at the end of the financial year.

Fees Paid to the Responsible Entity

During the financial year \$2,409,811 (2010: \$2,363,712) was paid to Blaxland Vineyards Limited as fees to manage the vineyard and operate the Project. The total cost of the Project for the financial period to 30 June 2011 was met from these funds as set out in the Prospectus and was in line with contract.

Auditors' Independence Declaration

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

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 for the following reason:

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.

Fees paid to the auditor of the Project were paid by the Responsible Entity.

Meetings of Compliance Committee

During the financial year, 4 meetings of compliance committee personnel were held. All attended the required meetings. Attendances by each person during the year were as follows:

	Position on Committee	Number of compliance meetings held and attended
Edward Russell	Chairman	4
Peter McLean	Member (resigned)	2
Philip Slee	Compliance Officer (resigned)	3
Philip Marshall	Member (appointed)	2
Craig Thomas	Compliance Officer (appointed)	1

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

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. The Project does not provide any indemnification out of the Project's assets.

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 the resolution of the Board of Directors of the Responsible Entity.



Neil R. MacKenzie
Director



Phillip J. Slee
Director

Dated: 15 September 2011

The Board of Directors
Blaxland Vineyards Limited
26 Greenock Road
Nuriootpa SA 5355

Date: 15 September 2011

Dear Board Members

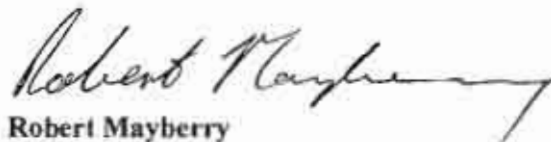
Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Blaxland Vineyards Limited as responsible entity for Tanunda Hill Vineyard Project.

As lead audit partner for the audit of the financial statements of Tanunda Hill Vineyard Project 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 PROJECT

DIRECTORS' DECLARATION

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

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 8 to 20 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 project's financial position as at 30 June 2011 and of its performance for the year ended on that date;
2. note 2(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 project 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 and is signed for and on behalf of the directors by:

Director 
.....
Neil R. MacKenzie

Director 
.....
Phillip J. Slee

Dated: 15 September 2011
Sydney

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Continuing Operations			
Revenues	3	2,200,708	2,186,496
Expenses	4	2,403,597	2,421,886
Loss before income tax		(202,889)	(235,390)
Income tax expense	2(f)	-	-
Loss after income tax attributable to growers		(202,889)	(235,390)
Other Comprehensive Income		-	-
Income Tax relating to Other Comprehensive Income		-	-
Total Comprehensive Income attributable to growers		(202,889)	(235,390)

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents		460,495	788,337
Trade and other receivables	5	1,509,334	1,388,640
Inventory	6	-	-
TOTAL CURRENT ASSETS		1,969,829	2,176,977
TOTAL ASSETS		1,969,829	2,176,977
CURRENT LIABILITIES			
Trade and other payables	7	1,022	44,741
TOTAL CURRENT LIABILITIES		1,022	44,741
TOTAL LIABILITIES		1,022	44,741
NET ASSETS		1,968,807	2,132,236
GROWERS' EQUITY		1,968,807	2,132,236

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

2010	Growers' Equity \$	Total \$
	\$	\$
Balance at 1 July 2009	2,012,048	2,012,048
(Loss) attributable to growers	(235,390)	(235,390)
Equity introduced	355,578	355,578
Distribution made	-	-
Balance at 30 June 2010	2,132,236	2,132,236
2011		
	\$	\$
Balance at 1 July 2010	2,132,236	2,132,236
(Loss) attributable to growers	(202,889)	(202,889)
Equity introduced	39,460	39,460
Distribution made	-	-
Balance at 30 June 2011	1,968,807	1,968,807

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,107,034	2,009,281
Payment to suppliers	(2,493,247)	(2,379,903)
Interest received	18,911	6,909
Net cash from operating activities	(367,302)	(363,713)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from Growers (net)	39,460	355,578
Distributions to growers	-	-
Net cash from financing activities	39,460	355,578
Net decrease in cash and cash equivalents	(327,842)	(8,135)
Cash and cash equivalents at beginning of financial year	788,337	796,472
Cash and cash equivalents at end of year	460,495	788,337

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	460,495	788,337
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Reconciliation of cash from operating activities

Loss for the year	(202,889)	(235,390)
Change in trade and other receivables	(120,694)	(190,164)
Change in inventory	-	17,100
Change in current payables	(43,719)	44,741
Net cash from operating activities	(367,302)	(363,713)

The accompanying notes form part of these financial statements

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Tanunda Hill Vineyard Project (the 'Project') is a registered managed investment scheme under the Corporations Act 2001. The financial report of the Project is for the year ended 30 June 2011.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

Tanunda Hill Vineyard Project is a registered scheme incorporated and domiciled in Australia.

(b) Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention, except for financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Project's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, 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.

(e) Income and expenditure recognition

Income and expenditure belong to the individual growers.

Income is recognised by the Project when the goods are provided. Expenditure is recognised by the Project on an accruals basis. Once income is generated, all expenses are recorded in the Project accounts as they are incurred.

(f) Income tax

The Project is not a taxable entity under the Income Tax Assessment Act 1936.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(h) Trade and other creditors

These amounts represent liabilities for services provided to the Project prior to the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Financial risk management

Overview

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

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

This note presents information about the Project's exposure to each of the above risks, its 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 Project, 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 project's activities. The Project, 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.

Credit risk

Credit risk is the risk of financial loss to the Project if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Project's receivables from customers.

Trade and other receivables

The Project's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Project's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 76 percent (2010: 71 percent) of the Project's revenue is attributable to sales transactions with a single customer.

The Board of Directors have established a credit policy under which each new customer is analysed individually for creditworthiness before the Project's standard payment and delivery terms and conditions are offered. The Project's review includes historical performance, when available, and where considered necessary, credit insurance is sought. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Finance Director; these limits are reviewed annually. Customers that fail to meet the project's creditworthiness review may transact with the Project only if proper insurances are in place.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Financial Risk Management (contd)

More than 95 percent (2010: 95 percent) of the Project's customers have been transacting with the Project for over four years, and no losses have been incurred. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Project's trade and other receivables relate mainly to the Project's wholesale customers.

Goods are sold subject to standard industry grape sale agreements, where one third of the annual crop sold to a customer is paid one month after harvest, a further one third is paid on the 30 June following harvest and the final payment is made on 30 September following harvest.

The Project may establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. At the time of preparing these accounts the annual crop has been paid as to two thirds of the amount owing and an allowance will only be established if any customer is in arrears on the standard payment plan.

Guarantees

No guarantees have been or will be provided by the Project.

Liquidity risk

Liquidity risk is the risk that the Project will not be able to meet its financial obligations as they fall due. The Project's approach 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 Project.

Typically the Project ensures that it has sufficient cash on demand to meet expected operational expenses for the year ahead, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices will affect the Project's income.

The Project manages market risks by arranging prices annually in advance or through longer term fixed price contracts. In some cases longer term contracts (over 5 years) are written at weighted district average price which allows for changes in the market.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Financial Risk Management (contd)

Currency risk

The Project is not directly exposed to currency risk. However as the wine industry is an export industry, its customers are affected by currency changes and this can influence pricing of the Project's products.

Interest rate risk

If and when the project has borrowings, it adopts a policy of ensuring that its exposure to changes in interest rates is minimised by changing to fixed rate borrowings when interest rates are volatile.

(j) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Other

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

Cash and cash equivalents comprise cash balances and call deposits.

(k) 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. The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The amount of the loss is recognised in the statement of comprehensive income.

Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade and other discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Revenue (contd)

Interest income

Income is recognised as the interest accrues to the net carrying amount of the financial asset.

(l) Goods and services tax

Goods and services tax (GST) is paid and received by the members of the Project rather than the Project itself.

(m) New standards and Interpretations not yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity 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 Project 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 Project's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2010-5 *Amendments to Australian Accounting Standards* affect various AASBs resulting in numerous editorial amendments. The amendments, which become mandatory for the Project's 30 June 2012 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.

(n) Presentation of Financial Statements

The Project applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Project presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011	2010
	\$	\$
3. REVENUE		
- Grape sales	1,818,514	2,164,265
- Profit from Wine Sales	363,283	-
- Under accrual of prior period revenues	-	15,322
- Finance income ~ bank interest	18,911	6,909
	<u>2,200,708</u>	<u>2,186,496</u>
4. EXPENSES		
Vineyard maintenance fees	2,363,881	2,363,712
Crop insurance	39,461	43,578
Impairment loss	-	(2,758)
Inventory – closing stock	-	17,100
Other	255	254
	<u>2,403,597</u>	<u>2,421,886</u>
5. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	1,170,021	1,365,541
Impairment loss on trade receivables	(23,970)	(69,901)
Other debtors	363,283	93,000
	<u>1,509,334</u>	<u>1,388,640</u>
6. INVENTORY		
Raw materials	<u>-</u>	<u>-</u>
7. TRADE AND OTHER PAYABLES		
Trade creditors	1,022	1,013
Loan from Blaxland Vineyards Limited	-	43,728
	<u>1,022</u>	<u>44,741</u>

8. RELATED PARTY TRANSACTIONS

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

Name	Position
Ron Collins	Director of the Responsible Entity
Philip Slee	Director of the Responsible Entity

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

No compensation was paid by the Project 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 Project is a “Managed Investment Scheme” for which the “Responsible Entity” is Blaxland Vineyards Limited (ABN: 61 067 514 792) of 26 Greenock Road, Nuriootpa, SA 5355.

Fees retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$283,371 (2010: \$274,287). The Responsible Entity or its associates hold 15 grower interests in the project.

- (ii) Advanced Viticultural & Management Pty Limited, a company controlled by Mr Slee, Mr Collins and Mr Alexander, received fees of \$1,445,927 (2010: \$ 1,291,797) for viticultural services.

9. SEGMENT REPORTING

The Project operates in the viticultural industry of Australia.

10. FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of the Project’s financial assets represents the maximum credit exposure. The Project’s maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2011	2010
	\$	\$
Cash and cash equivalents	460,495	788,337
Trade and other receivables	1,509,334	1,388,640
	1,969,829	2,176,977

The Project’s maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2011	2010
	\$	\$
Wholesale customers	1,146,051	1,295,640
Retail customers	-	-
End-user customers	-	-
	1,146,051	1,295,640

The Project’s most significant customer, an Australian wholesaler, accounts for \$933,321 of the trade receivables carrying amount at 30 June 2011 (2010: \$1,024,065).

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10 FINANCIAL INSTRUMENTS (contd)

Impairment losses

\$23,970 of the Project's receivables are past due (2010: 89,901). The aging of the Project's trade receivables at the reporting date was:

	Gross 2011 \$	Impairment 2011 \$	Gross 2010 \$	Impairment 2010 \$
Not past due	1,146,051	-	1,275,640	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
More than one year	23,970	23,970	89,901	69,901
	1,170,021	23,970	1,365,541	69,901

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Carrying amount	
	2011 \$	2010 \$
Balance at 1 July	69,901	72,659
Impairment loss recognised	(45,931)	(2,758)
Balance at 30 June	23,970	69,901

The impairment loss at 30 June 2011 of \$23,970 relates to a customer that was placed under voluntary administration on 2 September 2008.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

30 June 2011

	Carrying Amount	Contract- ual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	1,022	(1,022)	(1,022)	-	-	-	-

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS (contd)

30 June 2010	Carrying Amount	Contract- ual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	44,741	(44,741)	(44,741)	-	-	-	-

Fair Values

The fair values of financial assets and liabilities are equivalent to their carrying amount shown in the statement of financial position.

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 2.

Currency risk

Exposure to currency risk

There is no exposure to foreign currency risk at balance date

Interest rate risk

Profile

At reporting date the interest rate profile of the Project's interest-bearing financial instruments was:

	Carrying amount	
	2011 \$	2010 \$
Variable rate instruments		
Financial assets	460,495	788,337
	460,495	788,337

Fair value sensitivity analysis or fixed rate instruments

The Project does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

11. THE PROJECT

The Tanunda Hill Vineyard Project (ARSN 095 309 363) 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). The registered address and the address for administration purposes is 26 Greenock Road, Nuriootpa, SA, 5355.

12. AUDITORS' REMUNERATION

Auditors of the project are remunerated by the manager, Blaxland Vineyards Limited.

INDEPENDENT AUDITOR'S REPORT TO THE RESPONSIBLE ENTITY OF TANUNDA HILL VINEYARD PROJECT

Report on the Financial Report

We have audited the accompanying financial report of Tanunda Hill Vineyard Project, 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 Blaxland Vineyards Limited as responsible entity for Tanunda Hill Vineyard Project 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 2(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 Project is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the projects'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 2(a).


Nexia Court & Co
Chartered Accountants


Robert Mayberry
Partner

Sydney

Dated: 15 September 2011

TANUNDA HILL VINEYARD PROJECT

DIRECTORY

Responsible Entity

Blaxland Vineyards Limited

Registered Office:
26 Greenock Road,
Nuriootpa, SA, 5355.
Phone: (08) 8562 2815

Directors of the Responsible Entity

Neil R. MacKenzie
Ronald M. Collins
Philip J. Slee
Matthew J. Alexander

Custodian

Blaxland Vineyards Limited
26 Greenock Road,
Nuriootpa, SA, 5355.

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 100
Nuriootpa, SA, 5355