

**TANUNDA HILL
VINEYARD PROJECT**

ARSN 095 309 363

**Report on the Project at
30 June 2010**

**Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792**

TANUNDA HILL VINEYARD PROJECT

CONTENTS

RESPONSIBLE ENTITY'S DIRECTORS' REPORT	2
AUDITORS' INDEPENDENCE DECLARATION	6
DIRECTORS' DECLARATION	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
INDEPENDENT AUDITORS' REPORT	21
DIRECTORY	23

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 2010. 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 55
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 65
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 63
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 32
B.Ag.Sc	
Position	Executive director – viticulture
Experience	Luke Rolley has a degree in agricultural science with a focus on business management and marketing practical experience. He has been proactive in the wine industry by managing R&D projects, developing and managing vineyard projects, implementing new technologies into viticulture and working within the industry to create sustainable vineyard systems.
Special Responsibilities	Viticultural Management and Wine Sales

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Matthew J. Alexander	Age 44
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 375 tonnes from 1,501 tonnes in 2009 to 1,876 tonnes in 2010 and the results improving by some \$559,000 to a reduced loss of \$235,390 (2009 loss of \$794,138). The fruit was sold to the purchasers as per the various grape purchase agreements for a value of \$2,077,854 (2009: \$2,036,950). 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 2010.

Significant Changes in the State of the Affairs

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

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Period

The Responsible entity is considering the possibility of restructuring the Tanunda Hill Projects. This will mean that the vineyard would be run by the Tanunda Hill Vineyard Limited on behalf of Shareholders. Blaxland considers this to be a benefit to all involved. A memorandum and a Prospectus are being prepared so that all Growers can be properly informed of the consequences of this action. A meeting is expected to be held in the current financial year to consider the restructure.

- Apart from the matter raised in the preceding paragraph, at the date of this report there is no other matter or circumstance which has arisen since 30 June 2010 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.

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 \$2,363,712 (2009: \$2,764,320) was paid to Blaxland Vineyards Limited as fees to manage the Project. The total cost of the Project for the financial period to 30 June 2010 was met from these funds as set out in the Prospectus.

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.

TANUNDA HILL VINEYARD PROJECT

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

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	4
Philip Slee	Compliance Officer	4

Indemnification of Officers and Auditors

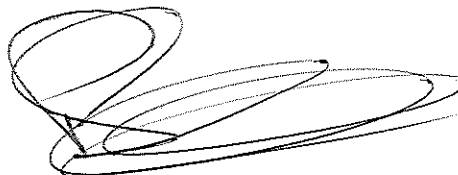
The Responsible Entity under its Articles of Association agrees to indemnify every director and officer of the Responsible Entity against liability incurred as a director or officer to the extent permitted by the Corporations Law. The Responsible Entity also agreed to indemnify every director, secretary, 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



Philip J. Slee
Director

Dated: 23rd September 2010

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the directors of the responsible entity of Tanunda Hill Vineyard Project:

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial year ended 30 June 2010 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.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Robert Mayberry

Robert Mayberry
Partner

Sydney

Dated: 23 SEPTEMBER, 2010



TANUNDA HILL VINEYARD PROJECT

DIRECTORS' DECLARATION

In the opinion of the directors of Blaxland Vineyards Limited, the Responsible Entity of Tanunda Hill Vineyard Project:

1. the financial statements and notes, set out on pages 8 to 20, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Project's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date;
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).
3. there are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

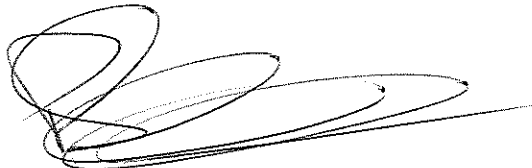
Signed in accordance with a resolution of the directors of Blaxland Vineyards Limited:

Director



.....
Neil R. MacKenzie

Director



.....
Philip J. Slee

Dated ^{23rd} September 2010

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Continuing Operations			
Revenues	3	2,186,496	2,045,790
Expenses	4	2,421,886	2,839,927
Loss before income tax		(235,390)	(794,137)
Income tax expense	2	-	-
Loss after income tax attributable to growers		(235,390)	(794,137)
Other Comprehensive Income		-	-
Income Tax relating to Other Comprehensive Income		-	-
Total Comprehensive Income attributable to growers		(235,390)	(794,137)

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents		788,337	796,472
Trade and other receivables	5	1,388,640	1,198,476
Inventory	6	-	17,100
TOTAL CURRENT ASSETS		2,176,977	2,012,048
TOTAL ASSETS		2,176,977	2,012,048
CURRENT LIABILITIES			
Trade and other payables	7	44,741	-
TOTAL CURRENT LIABILITIES		44,741	-
TOTAL LIABILITIES		44,741	-
NET ASSETS		2,132,236	2,012,048
GROWERS' EQUITY		2,132,236	2,012,148

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

2009			
		Growers' Equity \$	Total \$
Balance at 1 July 2008		3,153,774	3,153,774
(Loss) attributable to growers		(794,137)	(794,137)
Equity introduced		5,323	5,323
Distribution made		(352,912)	(352,912)
Balance at 30 June 2009		2,012,048	2,012,048
2010			
	Note	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

The accompanying notes form part of these financial statements.

TANUNDA HILL VINEYARD PROJECT

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,009,281	2,628,303
Payment to suppliers	(2,379,903)	(3,058,442)
Interest received	6,909	8,375
Net cash from operating activities	<u>(363,713)</u>	<u>(421,764)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from Growers (net)	355,578	5,323
Distributions to growers	-	(352,912)
Net cash from financing activities	<u>355,578</u>	<u>(347,589)</u>
Net (Decrease) in cash and cash equivalents	(8,135)	(769,353)
Cash and cash equivalents at beginning of financial year	796,472	1,565,825
Cash and cash equivalents at end of year	<u>788,337</u>	<u>796,472</u>

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 cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash at bank	<u>788,337</u>	<u>796,472</u>
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Reconciliation of cash from operating activities

(Loss) for the year	(235,390)	(794,137)
Change in trade and other receivables	(190,164)	650,647
Change in inventory	17,100	(17,100)
Change in current payables	44,741	(261,174)
Net cash from operating activities	<u>(363,713)</u>	<u>(421,764)</u>

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 2010.

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').

(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 cash flow statement, 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 71 percent (2009: 53 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 (2009: 85 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 recognized in the income statement.

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 2010, 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 2014 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 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 Project's 30 June 2011 financial statements, are not expected to have a significant 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.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings.

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2010 \$	2009 \$
3. REVENUE		
- Grape sales	2,164,265	2,021,049
- Under accrual of prior period revenues	15,322	16,366
- Finance income ~ bank interest	6,909	8,375
TOTAL REVENUE	2,186,496	2,045,790
4. EXPENSES		
Vineyard maintenance fees	2,363,712	2,764,320
Crop insurance	43,578	47,529
Impairment loss	(2,758)	42,659
Inventory – closing stock	17,100	(17,100)
Other	254	2,519
	2,421,886	2,839,927
5. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	1,365,541	1,271,135
Impairment loss on trade receivables	(69,901)	(72,659)
Other debtors	93,000	-
	1,388,640	1,198,476
6. INVENTORY		
Raw materials	-	17,100
7. TRADE AND OTHER PAYABLES		
Trade creditors	1,013	-
Loan from Blaxland Vineyards Limited	43,728	-
	44,741	-
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	

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

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS (contd)

(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 \$274,287 (2009: \$227,370). 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 \$1,291,797 (2009: \$ 1,688,544) 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	
	2010	2009
	\$	\$
Cash and cash equivalents	788,337	796,472
Trade and other receivables	1,388,640	1,198,476
	2,176,977	1,994,948

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

	Carrying amount	
	2010	2009
	\$	\$
Wholesale customers	1,295,640	1,198,476
Retail customers	-	-
End-user customers	-	-
	1,295,640	1,198,146

The Project's most significant customer, an Australian wholesaler, accounts for \$1,024,065 of the trade receivables carrying amount at 30 June 2009 (2009: \$738,207).

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10 FINANCIAL INSTRUMENTS (contd)

Impairment losses

\$89,901 of the Project's receivables are past due (2009: 199,796). The aging of the Project's trade receivables at the reporting date was:

	Gross 2010 \$	Impairment 2010 \$	Gross 2009 \$	Impairment 2009 \$
Not past due	1,275,640	-	1,071,339	-
Past due 0-30 days	-	-	79,970	-
Past due 31-120 days	-	-	79,970	39,000
More than one year	89,901	69,901	39,856	33,659
	<u>1,365,541</u>	<u>69,901</u>	<u>1,271,135</u>	<u>72,659</u>

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

	Carrying amount	
	2010 \$	2009 \$
Balance at 1 July	72,659	30,000
Impairment loss recognised	(2,758)	42,659
Balance at 30 June	<u>69,901</u>	<u>72,659</u>

The impairment loss at 30 June 2010 of \$69,901 relates to a customer that was placed under voluntary administration on 2 September 2008 and a customer whom has requested extended payment terms, of which we have security over the processed wine.

Liquidity risk

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

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)	-	-	-	-

TANUNDA HILL VINEYARD PROJECT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS (contd)

30 June 2009

	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	-	-	-	-	-	-	-

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 1.

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	
	2010 \$	2009 \$
Variable rate instruments		
Financial assets	788,337	796,472
	788,337	796,472

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 AUDITORS' 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 2010, 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 the responsible entity 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, 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.

Auditors' 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 auditors' 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 auditors' report was made.



Auditors' 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 project's financial position as at 30 June 2010 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.



Nexia Court & Co



Robert Mayberry
Partner

Sydney

Dated: 27 SEPTEMBER, 2010

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
Luke A. Rolley

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