

**LYNDOCH VINES PROJECT NO. 1**  
**ARSN 122 099 656**

**RESPONSIBLE ENTITY'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

---

Barossa Vines Limited (the Responsible Entity of Lyndoch Vines Project No. 1) presents the financial report for Lyndoch Vines Project No. 1 (the Project) for the year ended 30 June 2010 and the audit report thereon.

Barossa Vines Limited has been the Responsible Entity since registration of the Project on 10 May 1999.

**Directors**

The names of directors of the Responsible Entity in office at any time during or since the end of the year are:

Mario De Francesco  
Luciano Signore  
Antonio De Francesca  
Marcus LaVincente resigned 30 November 2009  
Alan Young resigned 30 November 2009  
Mark Turnbull resigned 30 November 2009  
Stephen Murphy resigned 2 October 2009

**Company Secretary**

The following person held the position of company secretary of the Responsible Entity at the end of the financial year:

Linden Huxtable –

**Qualifications** Professional National Accountant of the National Institute of Accountants, Senior Associate of the Financial Services Institute of Australasia, Associate of the Executor and Trustee Institute.

**Experience** Various Management positions in the Trustee Industry for over 33 years.

**Principal Activities**

The principal activities of the Project during the financial year was growing and production of wine grapes.

**Review of Operations**

The Project's operations during the current financial year consisted of maintaining the vineyards to produce a harvest of fruit. No other significant matters occurred during the year that affected these operations.

**Significant Changes In State Of Affairs**

There were no significant changes in the state of affairs of the Project during the financial year.

**After Balance Date Events**

There has not been any matter or circumstance since the end of the financial year which 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 future financial years.

**RESPONSIBLE ENTITY'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

---

**Future Developments**

Disclosure of information regarding likely developments in the operations of the Project in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Project. Accordingly, this information has not been disclosed in this report.

**Distributions**

No distributions were paid during the year, and the Directors of the Responsible Entity have recommended the Harvest gain in respect of the March 2010 harvest in the net amount of \$1,400 (2009: loss \$53,195).

**Information On Directors of Responsible Entity**

*Mario De Francesco* Chairman (executive director)

**Qualifications** Masters degree in Business Administration, Diplomas in Financial Advising and Financial Services. Fellow of the National Institute of Accountants, the Taxation Institute of Australia, Associate of the Financial Planning Association, and Senior Associate of the Financial Services Institute of Australasia.

**Experience** 28 years experience in accounting, taxation, company management, financial planning and securities disciplines. Practising accountant and registered tax agent. 20 years experience as a director of companies which have managed investment schemes.

**Responsibilities** Chairman of the Board of Directors, Finance and Marketing.

*Luciano Signore* Executive director

**Qualifications** Fellow of the Professional National Accountant's Association and the Taxation Institute of Australia. A Certified Financial Planner with a Diploma in Financial Planning.

**Experience** 23 years experience in company management, taxation accounting and financial planning. Public accountant, registered tax agent, senior partner of an accounting, taxation and financial planning practice. 20 years experience as a director of companies which have managed prescribed interest and managed investment Schemes.

**Responsibilities** Finance and Property Management.

*Antonio De Francesca* Executive director

**Qualifications** Fellow of the Taxation Institute of Australia, Associate Member Financial Planning Association and a Certified Practising Accountant with a Bachelor of Economics.

**Experience** 26 years experience in the accounting profession including auditing. Registered tax agent, registered company auditor, senior principal of an accounting and taxation practice. 14 years experience as a director of companies which have managed prescribed interest and managed investment Schemes.

**Responsibilities** Finance, Technology, Marketing, Audit and Member of the Compliance Committee.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration for the year ended 30 June 2010 has been received and can be found of page 5 of this Financial Report.

**RESPONSIBLE ENTITY'S REPORT  
 FOR THE YEAR ENDED 30 JUNE 2010**

**Remuneration Report**

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of Barossa Vines Limited.

	2010			2009		
	Salary & Fees	Super-annuation	Total	Salary & Fees	Super-annuation	Total
Mario De Francesco	60,000	5,400	65,400	60,000	5,400	65,400
Luciano Signore	60,000	5,400	65,400	60,000	5,400	65,400
Antonio De Francesca	60,000	5,400	65,400	60,000	5,400	65,400
Marcus LaVincente	4,000	-	4,000	24,000	-	24,000
Alan Young	-	-	-	24,000	-	24,000
Mark Turnbull	-	-	-	24,000	-	24,000
Stephen Murphy	-	-	-	24,000	-	24,000
<b>Total Compensation</b>	<b>184,000</b>	<b>16,200</b>	<b>200,200</b>	<b>276,000</b>	<b>16,200</b>	<b>292,200</b>

Other transaction that that the Responsible Entity had with director related parties are as follows:

	2010	2009
	\$	\$
Lease fees paid/payable to landholding companies	2,769,257	2,603,419
Legal Fees paid/payable to Minter Ellison, of which Marcus LaVincente is a Partner	104,459	120,386

Transactions the project had with entities related to the above directors are disclosed in note 9.

**RESPONSIBLE ENTITY'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

---

**Environmental Issues**

The Projects operations are not regulated by any significant environmental regulations under law of the Commonwealth or of the state.

**Indemnifying of Officers and Auditors**


No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Project.

**Proceedings on Behalf of the Project**

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

The Project was not party to any such proceedings during the year.

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

Director:   
.....  
Luciano Signore

Director:   
.....  
Mario De Francesco

Signed at Payneham this 29<sup>th</sup>

day of ~~September~~ <sup>OCTOBER</sup> 2010

Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E info.sa@au.gt.com  
W www.grantthornton.com.au

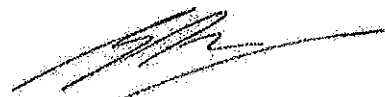
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF BAROSSA VINES LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Lyndoch Vines Project No. 1 for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S.J. Gray  
Director – Audit & Assurance Services

Adelaide, 29 October 2010

Grant Thornton South Australian Partnership ABN 27 234 606 724  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

**LYNDOCH VINES PROJECT NO. 1  
ARSN 122 099 656**

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

---

	<b>Note</b>	<b>2010</b> \$	<b>2009</b> \$
Revenues from Ordinary Activities	2	105,444	74,052
Vineyard Costs		(82,932)	(108,505)
Management Fees		(9,234)	(5,554)
Harvesting Costs		<u>(11,878)</u>	<u>(13,188)</u>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		1,400	(53,195)
<b>INCOME TAX EXPENSE</b>		<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u>1,400</u>	<u>(53,195)</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,400</u>	<u>(53,195)</u>

**The accompanying notes form part of these financial statements.**

LYNDOCH VINES PROJECT NO. 1  
ARSN 122 099 656

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Trade and Other Receivables	5	<u>55,744</u>	<u>24,684</u>
<b>TOTAL CURRENT ASSETS</b>		<u>55,744</u>	<u>24,684</u>
<b>TOTAL ASSETS</b>		<u>55,744</u>	<u>24,684</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	<u>107,539</u>	<u>77,879</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>107,539</u>	<u>77,879</u>
<b>TOTAL LIABILITIES</b>		<u>107,539</u>	<u>77,879</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>(51,795)</u>	<u>(53,195)</u>
<b>EQUITY</b>			
Retained Losses	8	<u>(51,795)</u>	<u>(53,195)</u>
<b>TOTAL EQUITY</b>		<u>(51,795)</u>	<u>(53,195)</u>

The accompanying notes form part of these financial statements.

**LYNDOCH VINES PROJECT NO. 1  
ARSN 122 099 656**

**STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 30 JUNE 2010**

---

	Note	Retained Losses \$
<b>Balance 1 July 2008</b>		-
Total comprehensive loss for the year		(53,195)
<b>Balance 30 June 2009</b>		<u>(53,195)</u>
Total comprehensive loss for the year		1,400
<b>Balance 30 June 2010</b>		<u><u>(51,795)</u></u>

**The accompanying notes form part of these financial statements.**

**LYNDOCH VINES PROJECT NO. 1  
ARSN 122 099 656**

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

---

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Receipts from grape sales		49,670	386,915
Payments to responsible entity and contractors		<u>(49,670)</u>	<u>(135,258)</u>
Net cash provided by (used in) operating activities	7	<u>-</u>	<u>251,657</u>
<b>Cash flows from financing activities</b>			
Distribution to growers		<u>-</u>	<u>(254,216)</u>
Net cash (used in) provided by financing activities		<u>-</u>	<u>(254,216)</u>
<b>Net (decrease)/increase in cash held</b>		-	(2,559)
Cash at the beginning of the financial year		<u>-</u>	<u>2,559</u>
Cash at the end of the financial year		<u><u>-</u></u>	<u><u>-</u></u>

**The accompanying notes form part of these financial statements.**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

---

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001 and the Projects Constitution.

Lyndoch Vines Project No.1 ("Project") is a registered managed investment scheme pursuant to the requirement of the Australian Securities and Investment Commission.

The following is a summary of the material accounting policies adopted by the Project in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*Reporting basis and conventions*

The financial report has been prepared on an accruals basis and is based on historical costs.

**(a) Compliance With IFRS**

Compliance with AIFRS ensures that the financial statements and notes of Lyndoch Vines Project No.1 comply with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the directors of the responsible entity.

**(b) Income Tax**

The entity is a Managed Investment Scheme and as such is not a legal entity for tax purposes. All profits/(losses) are transferred to members who are required to account for it in their individual tax returns at their applicable tax rate.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts and investment in money market instruments with less than three months to maturity.

**(d) Revenue**

Revenue from sale of grapes are recognised upon delivery of grapes to grape purchasers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is inclusive of the amount of goods and services tax (GST).

**(e) Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivable are generally due for settlement in accordance with the terms in the grape sale contract.

**(f) Trade and Other Payables**

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

**(g) Goods and Services Tax (GST)**

The project is not registered for GST purpose as it is not an entity and can not be registered. Income and expenses are stated gross of GST, as are cashflow transactions, receivables and payables of the Scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

---

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONT)**

**(h) Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Classification and Subsequent Measurement**

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

**(i) Comparative Figures**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

---

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONT)**

**(j) Impairment of Assets**

At each reporting date, the Project reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual assets, the Project estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(k) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**(l) Adoption of new and revised accounting standards**

In the current year, the Project has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The 2009 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2009 as described below.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

*Adoption of AASB 8 Operating Segments*

Lyndoch Vines Project No.1 has adopted AASB 8 Operating Segments in these financial statements which has resulted in the removal of the requirement for presentation of the segment reporting note.

*Adoption of AASB 101 Presentation of Financial Statements (revisions), AASB 2007-8 and 2007-10 Amendments arising from the revisions to AASB 101*

The company has adopted the revisions to AASB 101 Presentation of Financial Statements in these financial statements which has resulted in the introduction of the statement of comprehensive income, changes to the statement of changes in equity, and other terminology changes.

**(m) New accounting standards for application in future periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Project has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Project follows:

*AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Project.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

---

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONT)

(m) New accounting standards for application in future periods (cont)

*AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).*

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Project.

*AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  - a. the objective of the entity's business model for managing the financial assets; and
  - b. the characteristics of the contractual cash flows.

*AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010)*

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Project.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

---

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONT)**

**(m) New accounting standards for application in future periods (cont)**

*AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010)*

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Project.

**LYNDOCH VINES PROJECT NO. 1**  
**ARSN 122 099 656**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 2 - REVENUE</b>			
Operating Activities			
- Proceeds from grape sales			
-related parties	9	30,600	74,052
-external parties		74,844	-
		<u>105,444</u>	<u>74,052</u>
Total Revenue		<u>105,444</u>	<u>74,052</u>

**NOTE 3 - LOSS FROM ORDINARY ACTIVITIES**

Loss from ordinary activities before income tax  
has been determined after

- Vineyard Costs	9	82,932	108,505
- Management Fees	9	9,234	5,554
- Harvesting Costs	9	11,878	13,188
		<u>104,044</u>	<u>127,247</u>

**NOTE 4 - AUDITORS REMUNERATION**

Auditors are paid by Barossa Vines Ltd (Responsible Entity) amounting to \$2,000 (2009: \$2,000).

**NOTE 5 - TRADE AND OTHER RECEIVABLES**

Trade Receivables	<u>55,744</u>	<u>24,684</u>
-------------------	---------------	---------------

Trade receivables relate to the following grape purchaser with terms as summaries below:

- First Payment: 1/3 of the total amount payable on the end of month following delivery
- Second Payment: 1/3 payable on 30th June 2010
- Final Payment: 1/3 payable on 30th September 2010

As at 30 June 2010, there are no balances past due.

**LYNDOCH VINES PROJECT NO. 1**  
**ARSN 122 099 656**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 6 - TRADE AND OTHER PAYABLES</b>			
Payable to Responsible Entity		9,234	5,554
Payable to Contractors		98,305	72,325
		<u>107,539</u>	<u>77,879</u>

**NOTE 7 - CASH FLOW INFORMATION**

Reconciliation of Cash Flow from Operations  
with Profit/(Loss) after Income Tax

Profit/(Loss) after income tax	1,400	(53,195)
Cash flows excluded from profit attributable to operating activities		
Growers Distributions deemed as financing cashflows	-	254,216
Changes in assets and liabilities		
Decrease/(Increase) in trade and other receivables	(31,060)	312,863
Decrease/(Increase) in trade and other payables	29,660	(8,011)
Decrease/(Increase) in distribution to growers	-	(254,216)
Cash flows from operations	<u>-</u>	<u>251,657</u>

**NOTE 8 - GROWERS' DISTRIBUTION RECONCILIATION**

Opening balance	<u>(53,195)</u>	<u>254,216</u>
Add: 2009 harvest deficit	-	(53,195)
2010 harvest gain	1,400	-
Less: 2008 harvest distribution paid	-	(254,216)
2009 harvest distribution paid	<u>-</u>	<u>-</u>
Closing balance	<u>(51,795)</u>	<u>(53,195)</u>

The responsible entity may, at its discretion, rather than requiring the growers to pay the deficiency, carry forward the deficiency to be deducted from gross proceeds in later financial years. The responsible entity has resolved not to require the growers in the project to fund this deficit at this time.

**LYNDOCH VINES PROJECT NO. 1**  
**ARSN 122 099 656**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 9 - RELATED PARTY TRANSACTIONS</b>			
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
<b>Transactions of director related parties:</b>			
<b>Vineyard Costs</b>			
Vineyard maintenance costs are paid by the Project directly to Agribusiness Services Pty Ltd.	3	82,932	108,505
<b>Harvest Costs</b>			
Agribusiness Services is responsible for all costs associated with the grape harvest, and is reimbursed directly by the Project.	3	11,878	13,188
<b>Management Costs</b>			
In accordance with the Project's prospectus, 7.5% of total grape proceeds are paid Barossa Vines Ltd (responsible entity) as a management fee.	3	9,234	5,554
<b>Grape Sales</b>			
Rosedale Wines Pty Ltd ABN 64 111 060 292, (a company which the executive directors have significant shares) has purchased grapes from the Project. The price depends on the amount and minimum quality standards of grapes produced. Rosedale will pay this amount to the Responsible Entity for it to distribute to the growers of the Project, after all authorised costs have been deducted.		30,600	74,052
<b>Amount outstanding payables/(receivables) from director related parties:</b>			
<b>Trade Payables</b>			
Agribusiness Services Pty Ltd		98,305	72,325
Barossa Vines Ltd		9,234	5,554
<b>Trade Receivables</b>			
Rosedale Wines Pty Ltd		55,744	24,684

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

---

**NOTE 10 - FINANCIAL INSTRUMENT RISK MANAGEMENT**

The Project's financial instruments consist mainly of accounts receivable and accounts payable. The totals for each category of financial instruments, measured in accordance with AASB 139 are as follows:

	Note	2010 \$	2009 \$
<b>Financial assets</b>			
- Trade and other receivables	5	55,744	24,684
		<u>55,744</u>	<u>24,684</u>
<b>Financial liabilities</b>			
- Trade and other payables	6	107,539	77,879
		<u>107,539</u>	<u>77,879</u>

**Financial Risk Management Policies**

The Project's RE provides treasury services to the Project, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Project. The Project does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Project's policies approved by the board of directors of the RE, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the Compliance Committee on a continuous basis. The Project's activities expose it primarily to the financial risks of changes in interest rates. The Project does not enter into derivative financial instruments to manage its exposure to interest rate risk.

**Specific Financial Risk Exposures and Management**

The main risks the Project is exposed to through its financial instruments are liquidity risk and credit risk.

**(a) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any impairment for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Project's credit risk exposures are the balances held with bank and the outstanding receivables. The Project minimised credit risk exposure by depositing with licensed and reputable banks and financial institutions. Credit or advances are only given after assessing the credit quality.

**(b) Liquidity Risk**

Liquidity risk is managed on a group basis by the directors. The directors manages the liquidity risk by continuously monitoring cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**Fair Values**

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair value due to their short term nature.

The fair value of financial assets and financial liabilities is estimated by discounting the future contractual/expected cash flows at the current market interest rate that is available to the Project for similar financial instruments.

**LYNDOCH VINES PROJECT NO. 1**  
**ARSN 122 099 656**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

---

**NOTE 11 - RESPONSIBLE ENTITY DETAILS**

The registered office and principal place of business of the Responsible Entity (Barossa Vines Ltd) is 266-268 Payneham Road, Payneham, South Australia.

**NOTE 12 - EVENTS SUBSEQUENT TO REPORTING DATE**

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, 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 future financial years.

**NOTE 13 - CONTINGENT LIABILITIES**

Barossa Vines Limited (BVL), the responsible entity of the project, has provided a guarantee (along with other related parties) to Bank SA in support of bank facilities obtained by Australian Vines Ltd (a Director related entity) of \$23,300,000. The guarantee binds BVL in both its personal capacity and as trustee.

**DIRECTORS' DECLARATION**

---

The directors of the Responsible Entity declare that:

1. The financial statements and notes, as set out on pages 6 to 19, are in accordance with the Corporations Act 2001:  
  
(a) Comply with Accounting Standards and International Financial Reporting Standards as disclosed in Note 1; and  
  
(b) Give a true and fair view of the financial position as at 30 June 2010 and performance for the year ended on that date of the Project.
  
2. 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.

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

Director:  .....  
Luciano Signore

Director:  .....  
Mario De Francesco

Signed at Payneham this 29<sup>th</sup> day of OCTOBER 2010

Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BAROSSA VINES LTD**

We have audited the accompanying financial report of Lyndoch Vines Project No. 1 (the "Scheme"), which comprises the statement of financial position as at 30 June 2010, 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 to the financial report and the directors' declaration.

**Directors' responsibility for the financial report**

The directors of Barossa Vines Limited (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 are 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. The directors also state, in the notes to the financial report, 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 which require us to 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.

Grant Thornton South Australian Partnership ABN 27 244 906 724  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd, Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BAROSSA VINES LTD Cont**

**Auditor's responsibility Cont**

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.

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.

**Auditor's opinion**

In our opinion:

- a the financial report of Lyndoch Vines Project No. 1 is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Scheme'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 the notes to the financial statements.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S.J. Gray  
Director – Audit & Assurance Services

Adelaide, 29 October 2010