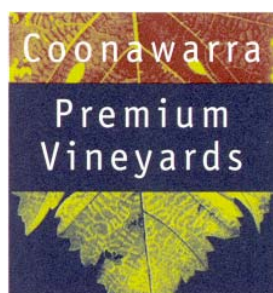


# Coonawarra Australia Property Trust

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ABN 37 529 164 940

ARSN 104 335 159



## **Interim Financial Report for the half-year ended 31 December 2007**

Responsible Entity:

Coonawarra Premium Vineyards Limited

ABN 58 086 944 265

AFS Licence No. 226243

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# Coonawarra Australia Property Trust

## Interim Financial Report for the half-year ended 31 December 2007

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### Corporate Information

Responsible Entity (RE):	Coonawarra Premium Vineyards Limited ABN 58 086 944 265 AFS Licence No. 226243
Directors of the RE	Paul Miller (Chairman & Compliance Officer) Rex Watson (Group Managing Director) Andrew Parkinson (Chief Executive Officer & Company Secretary)
Company secretaries of the RE	Andrew Parkinson Charlie Latham (Chief Financial Officer)
Registered office and principal place of business	235 Glen Osmond Road, Frewville, South Australia 5063
Postal address	PO Box 6243 Halifax Street, Adelaide South Australia 5000
Phone:	+61 8 8338 3400
Fax:	+61 8 8338 3244
Email:	<a href="mailto:enquiries@coonawarravineyard.com.au">enquiries@coonawarravineyard.com.au</a>
Trust ASX Code:	CNR
Trust Registry	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell St, Adelaide SA 5000 Ph: 1300 556 161 or (from outside Australia) +61 3 9415 4000 Email: <a href="mailto:web.query@computershare.com.au">web.query@computershare.com.au</a> <a href="http://www.computershare.com">www.computershare.com</a>
Custodian	Australian Executor Trustees (SA) Limited
Auditor	Grant Thornton South Australian Partnership, Adelaide
Compliance taxation advisor	Grant Thornton South Australian Partnership, Adelaide
Banker	Commonwealth Bank of Australia, Adelaide

# Coonawarra Australia Property Trust

## ASX Disclosure Information

### *Results for announcement to the market*

		Percentage change %	Amount \$
Revenue and other income from ordinary activities	up	415%	to 5,748,475
Profit from ordinary activities after tax attributable to members	down	(72%)	to 187,265
Net profit for the period attributable to members	down	(72%)	to 187,265

### ***Distributions***

	<u>Amount per security</u>	<u>Franked amount per security</u>
<b>Paid in current period:</b>		
Final 2006/7 distribution paid 31 August 2007	1.3¢	-
Interim 2007/8 distribution paid 30 November 2007	1.3¢	-
Total paid in half-year	2.6¢	-
<b>Paid in previous corresponding period:</b>		
Final 2005/6 distribution paid 30 August 2006	1.3¢	-
Interim 2006/7 distribution paid 30 November 2006	1.3¢	-
Total paid in previous half-year	2.6¢	-
<b>Payable in respect of current period:</b>		
Interim 2007/8 distribution paid 28 February 2008	0.9¢	-
Record date for determining entitlements to the distribution	31 December 2007	
Date the distribution was payable	28 February 2008	
	<b>31 December 2007</b>	<b>30 June 2007</b>
	cents	cents
Net tangible assets per security	89.2	90.4

Prince Hill Wines' joint venture sales and distribution company The Wine List is now up and running. There was insufficient lead time to gain penetration into the main retail channel programs prior to the Christmas trade period, which is generally locked in several months before December. Packaged wine sales volumes in the period were disappointing as a result. The costs associated with the start up of The Wine List are consolidated into the consolidated entity's result, accounting for approximately \$400,000 of the loss before tax for the period. Recent appointments of experienced staff and management have been made in this joint venture company and early indications in calendar 2008 are showing pleasing progress.

The directors are hopeful that there will soon be a conclusion to negotiations with one of several parties regarding the proposed sale of the Mudgee property. However, earlier comments by Prince Hill Wines in relation to a possible rights issue are still valid. Once the timing is known it is probable that a rights issue will be made by Prince Hill Wines to provide it with an increase in working capital to fund the sales and distribution roll out to ensure the long term growth and viability of the Prince Hill and Cassegrain brands. Should this rights issue eventuate the Trust would consider offering to underwrite the issue, subject to all relevant regulatory processes being observed.

# Coonawarra Australia Property Trust

## Directors' Report

The directors of Coonawarra Premium Vineyards Limited ABN 58 086 944 265, as Responsible Entity (RE) and trustee for the Coonawarra Australia Property Trust ABN 37 529 164 940 (Trust), present their report on the Trust for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of the directors of the RE during or since the end of the half-year are: Mr Paul Miller (Chairman), Mr Rex Watson and Mr Andrew Parkinson. The above named directors held office during and since the end of the half-year.

### Review of Operations - Coonawarra

The Trust is a registered managed investment scheme domiciled in Australia and listed on the Australian Stock Exchange (ASX: CNR).

The Trust's principal activity in the course of the half-year was to make land available to licensees under a 13 year licence agreement to grow wine grapes. The Trust's vineyards are licensed to growers who are members of the Coonawarra Premium Vineyards Project. Upon the expiry of the licences in 2012, ownership of improvements to the land vests in the Trust.

In August 2007 the Trust acquired a 62% interest in CPV Wines Limited through an off-market takeover bid. CPV Wines owns the adjoining vineyard to the Trust in Coonawarra and all its grapes are contracted to Watson Wine Group.

### Review of Operations - Prince Hill Wines

The Trust is now the largest shareholder in Prince Hill Wines Limited (ASX: PHW) (formerly Simon Gilbert Wines Ltd), a producer of New South Wales wines. Prince Hill Wines changed its name from Simon Gilbert Wines at the AGM in November 2007.

The bottling equipment at Mudgee, NSW, was sold as it was surplus to requirements – all bottling for Prince Hill is now being done at Cassegrain Winery. The Cassegrain bottling line has been upgraded adding further flexibility as well as speed which will result in a reduction in cost per case. The equipment sold had been written down to realisable value as at 30 June 2007.

The option to purchase the northern section of the Mudgee vineyards (known as Annie's vineyard) was exercised by the purchaser in December 2007 and the sale was settled on 31 January 2008 with the company receiving \$645,000 less a \$100,000 deposit already received. In line with the requirements of the funding facility \$322,000 of these proceeds has been applied to reducing bank debt and the balance applied to working capital. The property had been written down to realisable value as at 30 June 2007.

The board of Prince Hill has continued the rationalization process, focusing the production activities to the Cassegrain winery. Cost savings expected from the acquisition of Cassegrain Wines have not yet fully materialised but the rationalisation of activities will continue. The 2008 vintage for Prince Hill Wines will be processed at the Cassegrain winery. The remaining Mudgee vineyards, Prince Hill winery and surplus land at Mudgee have been placed on the market for sale or lease and several interested parties are in negotiations with the board.

The joint venture marketing and distribution company The Wine List Pty Ltd was formed in June 2007, to achieve economies of scale and drive and focus with a new sales team. This company is owned one third each by Prince Hill Wines, Cassegrain Wines and Watson Wine Group (Rex Watson brands) to market and distribute the three brands in the domestic market. It has taken longer than expected to find appropriate staff, establish these operations and achieve sales volumes and collections necessary to reduce losses and to generate positive cash flows.

The costs associated with the start up of The Wine List are consolidated into the consolidated entity's result, accounting for approximately \$400,000 of the Prince Hill Wines Group's loss before tax for the period. A highly experienced wine industry sales executive has joined The Wine List as general manager late in the half-year and positive signs for calendar year 2008 are already apparent.

The pursuit of international opportunities likely to deliver new and incremental sales such as USA, UK, Canada, China and Japan is continuing.

### Auditors' Independence

The lead auditors' independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2007 is set out on page 5 of this financial report.

This report is signed in accordance with a resolution of the board of directors of the RE.

On behalf of the Directors



Paul Miller  
Chairman

Adelaide, 29 February 2008

Grant Thornton South Australian  
Partnership  
ABN: 27 244 906 724  
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67 Greenhill Rd  
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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF COONAWARRA AUSTRALIA PROPERTY TRUST**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Coonawarra Australia Property Trust for the half-year ended 31 December 2007, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants



S J Gray  
Partner

Signed in Adelaide on this 29th day of February 2008

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# Coonawarra Australia Property Trust

## Consolidated Income Statement for the half-year ended 31 December 2007

	Notes	Half-years ended 31 December	
		2007	2006
<b>Revenue:</b>		\$	\$
Grant of use (licence) fees		877,948	850,839
Wine & wine services sale proceeds		3,975,585	-
Net market value increment - biological assets (grapes)		680,000	245,527
Other revenue		145,015	-
Interest revenue		69,927	20,868
<b>Total revenue</b>		<b>5,748,475</b>	<b>1,117,234</b>
<b>Total Income</b>		<b>5,748,475</b>	<b>1,117,234</b>
<b>Expenses:</b>			
Cost of goods sold		(3,520,503)	-
Management expenses		(635,401)	(234,047)
Vineyard management expenses		(410,356)	-
Sales & marketing costs		(301,102)	-
Corporate expenses		(321,448)	(68,147)
Occupancy expenses		(150,476)	(36,851)
Other expenses		(71,053)	(1,812)
<b>Profit before start-up, impairment and finance costs</b>		<b>338,136</b>	<b>776,377</b>
Start up costs of distribution joint venture company		(392,018)	-
Impairment losses - allowance for doubtful debts		(29,221)	-
Finance costs		(459,994)	(112,805)
<b>Total expenses</b>		<b>(6,291,572)</b>	<b>(453,662)</b>
<b>Profit/(loss) before income tax expense</b>		<b>(543,097)</b>	<b>663,572</b>
Income tax (expense) / benefit		164,452	-
<b>Profit/(loss) for the half-year</b>		<b>(378,644)</b>	<b>663,572</b>
<b>Profit/(loss) is attributable to:</b>			
Equity holders of parent entity		187,265	663,572
Minority interests		(565,910)	-
<b>Profit/(loss) for the half-year</b>		<b>(378,644)</b>	<b>663,572</b>
		<b>cents</b>	<b>cents</b>
Basic earnings per unit	3	1.07	3.79
Diluted earnings per share is not disclosed as it is not materially different to basic earnings per share			

Notes to the financial statements are included on pages 10 to 12.

# Coonawarra Australia Property Trust

## Consolidated Balance Sheet as at 31 December 2007

	31 December 2007	30 June 2007
<b>Current assets</b>	\$	\$
Cash and cash equivalents	680,269	2,213,417
Trade and other receivables	5,578,666	4,310,108
Inventories	3,210,815	3,670,823
	<u>9,469,750</u>	<u>10,194,348</u>
Non-current assets classified as held for sale	5,188,377	5,999,174
<b>TOTAL CURRENT ASSETS</b>	<u>14,658,127</u>	<u>16,193,522</u>
<b>Non-current assets</b>		
Property, plant & equipment	6,561,251	4,684,857
Biological assets	16,637,143	12,779,729
Deferred tax assets	414,621	-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>23,613,015</u>	<u>17,464,586</u>
<b>TOTAL ASSETS</b>	<u>38,271,142</u>	<u>33,658,108</u>
<b>Current liabilities</b>		
Trade and other payables	4,436,625	2,801,572
Short term financial liabilities	6,488,065	2,483,319
Current tax liabilities	106,153	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>11,030,843</u>	<u>5,284,891</u>
<b>Non-current liabilities</b>		
Long term financial liabilities	6,648,845	8,046,837
Deferred tax liabilities	382,129	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>7,030,974</u>	<u>8,046,837</u>
<b>TOTAL LIABILITIES</b>	<u>18,061,817</u>	<u>13,331,728</u>
<b>NET ASSETS</b>	<u>20,209,325</u>	<u>20,326,380</u>
<b>EQUITY</b>		
Issued units	1,831,210	1,831,210
Reserves	3,632,740	3,632,740
Retained earnings	10,152,688	10,350,423
Parent entity interest	15,616,638	15,814,373
Minority interest	4,592,687	4,512,007
<b>TOTAL EQUITY</b>	<u>20,209,325</u>	<u>20,326,380</u>

Notes to the financial statements are included on pages 10 to 12.

# Coonawarra Australia Property Trust

## Consolidated Statement of Changes in Equity for the half-year ended 31 December 2007

	Note	Share Capital \$	Reserves \$	Retained Earnings \$	Minority Interests \$	Total \$
<b>Balance at 1 July 2006</b>		1,831,210	3,582,909	10,383,365	-	15,797,484
Profit for the half-year		-	-	663,572	-	663,572
Revaluation increment on available-for-sale financial assets		-	163,544	-	-	163,544
Sub-total		1,831,210	3,746,453	11,046,937	-	16,624,600
Distributions paid or provided for		-	-	(385,000)	-	(385,000)
<b>Balance at 31 December 2006</b>		1,831,210	3,746,453	10,661,937	-	16,239,600
<b>Balance at 1 July 2007</b>		1,831,210	3,632,740	10,350,423	4,512,007	20,326,380
Profit attributable to members of parent entity		-	-	187,265	-	187,265
Profit/(loss) attributable to minority shareholders		-	-	-	(565,910)	(565,910)
Minority interest in CPV Wines Ltd on acquisition	5	-	-	-	646,590	646,590
Sub-total		1,831,210	3,632,740	10,537,688	4,592,687	20,594,325
Distributions paid or provided for		-	-	(385,000)	-	(385,000)
<b>Balance at 31 December 2007</b>		1,831,210	3,632,740	10,152,688	4,592,687	20,209,325

Notes to the financial statements are included on pages 10 to 12.

# Coonawarra Australia Property Trust

## Consolidated Cash Flow Statement for the half-year ended 31 December 2007

	Note	Half-years ended 31 December	
		2007	2006
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,954,515	510,912
Payments to suppliers		(3,355,356)	(284,784)
Interest received from customers		69,927	20,868
Interest and other costs of finance paid		(434,925)	(112,805)
<b>Net cash provided by operating activities</b>		<b>(765,839)</b>	<b>134,191</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(563,076)	-
Proceeds from sale of property, plant & equipment		750,000	-
Payment for purchase of subsidiary, net of overdraft acquired	5	(2,218,411)	-
Advance to related entity		-	(750,000)
Payments for listed securities		-	(8,961)
<b>Net cash used in investing activities</b>		<b>(2,031,487)</b>	<b>(758,961)</b>
<b>Cash flows from financing activities</b>			
Distributions paid		(454,591)	(455,000)
Repayments of borrowings		(1,933,362)	-
Proceeds from borrowings		1,785,174	750,000
<b>Net cash used in financing activities</b>		<b>(602,779)</b>	<b>295,000</b>
<b>Net increase/(decrease) in cash held</b>		<b>(3,400,105)</b>	<b>(329,770)</b>
Cash and cash equivalents at the beginning of the half-year		1,166,974	(878,199)
<b>Net cash and cash equivalents at the end of the half-year</b>		<b>(2,233,131)</b>	<b>(1,207,969)</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash at bank		680,269	123
Bank overdrafts		(2,913,400)	(1,208,092)
<b>Net cash and cash equivalents at the end of the half-year</b>		<b>(2,233,131)</b>	<b>(1,207,969)</b>

Notes to the financial statements are included on pages 10 to 12.

# Coonawarra Australia Property Trust

## Notes to the Financial Statements for the half-year ended 31 December 2007

### 1. Basis of preparation

Coonawarra Australia Property Trust (the "Trust") is a registered Managed Investment Scheme operating in Australia and listed as a public Unit Trust on the Australian Securities Exchange. The Responsible Entity is Coonawarra Premium Vineyards Limited. The interim financial report of the Trust as at and for the half-year ended 31 December 2007 comprises the Trust and its controlled entities CPV Wines Limited, Prince Hill Wines Limited, Prince Hill Wine Services Pty Ltd, Cassegrain Wines Pty Ltd and The Wine List Pty Ltd.

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Trust for the year ended 30 June 2007.

This interim financial report was approved by the directors on 29 February 2008.

The accounting policies applied by the Trust in this interim financial report are the same as those applied by the Trust in its financial report as at and for the year ended 30 June 2007.

### 2. DISTRIBUTIONS PAID

Distributions paid and payable are as follows.

Distribution relating to:	Date paid/payable	Half-year December 2007 \$	Half-year December 2006 \$
Quarter ended 30 June 2006	Paid 30 August 2006	-	227,500
Quarter ended 30 September 2006	Paid 30 November 2006	-	227,500
Quarter ended 31 December 2006	Paid 28 February 2007		227,500
Quarter ended 30 June 2007	Paid 31 August 2007	227,500	
Quarter ended 30 September 2007	Paid 30 November 2007	227,500	
Quarter ended 31 December 2007**	Paid 28 February 2008	157,500	

\*\* February 2008 distribution announced to ASX on 18 December 2007 and accordingly is recognised in the half-year financial report.

### 3. EARNINGS PER UNIT

The number of units on issue in both the current and the corresponding half-year was 17,500,000. There are no dilutive securities.

### 4. CONTINGENT ASSETS AND LIABILITIES

The Trust has no contingent assets or liabilities.

# Coonawarra Australia Property Trust

## Notes to the Financial Statements for the half-year ended 31 December 2007

### 5. BUSINESS COMBINATION

#### (a) Summary of acquisition

In August 2007 the Trust acquired 62% of CPV Wines Limited through an off-market takeover bid.

	<b>Parent entity</b>
	<b>2007</b>
Purchase consideration (refer to (b) below)	<b>\$</b>
Shares purchased	1,193,400
Add transaction costs	41,515
Total purchase consideration	<u>1,234,915</u>
Fair value of net identifiable assets acquired (refer to (c) below)	1,234,915
Goodwill/Gain on acquisition	<u>-</u>

#### (b) Purchase consideration

	<b>Consolidated Group</b>	
	<b>2007</b>	<b>2006</b>
Outflow of cash to acquire subsidiary, net of cash acquired	<b>\$</b>	<b>\$</b>
	-	-
Cash consideration	1,234,915	827,792
Add bank overdraft balances acquired	983,496	-
Net outflow/(inflow) of cash	<u>2,218,411</u>	<u>827,792</u>

#### (c) Assets and liabilities acquired

	<b>Acquiree's carrying amount</b>	<b>Fair value</b>
	<b>\$</b>	<b>\$</b>
The assets and liabilities arising from the acquisition are as follows:		
Cash	-	-
Trade & other receivables	430,194	430,194
Inventories	-	-
Property, plant & equipment	1,456,957	1,456,957
Biological assets	3,033,313	3,177,415
Trade payables	(243,584)	(243,584)
Bank borrowings	(1,871,446)	(1,871,446)
Other borrowings	(750,000)	(750,000)
Deferred tax liabilities	(318,031)	(318,031)
Net assets	<u>1,737,403</u>	<u>1,881,505</u>
Minority interests		<u>(646,590)</u>
Net identifiable assets acquired		<u>1,234,915</u>

### 6. EVENTS SUBSEQUENT TO REPORTING DATE

The option to purchase the northern section of Prince Hill Wines' Mudgee vineyards was exercised by the purchaser in December 2007 and the sale was settled in January 2008. The property had been written down to realisable value as at 30 June 2007. There have been no other significant events after the reporting date.

# Coonawarra Australia Property Trust

## Notes to the Financial Statements for the half-year ended 31 December 2007

### 7. SEGMENT INFORMATION

Primary Reporting - Business Segments	Wine (bulk & bottled)	Wine grape growing	Unallocated	Consolidated
<b>2007</b>				
<b>Segment revenue</b>				
External Sales	4,120,600	877,948	-	4,998,548
Interest revenue	37,982	31,945	-	69,927
Total segment revenue	<u>4,158,582</u>	<u>909,893</u>	-	<u>5,068,475</u>
<b>Segment result</b>				
Segment result	<u>(775,896)</u>	<u>397,251</u>	-	<u>(378,644)</u>
<b>Segment assets</b>				
Segment assets	<u>9,706,158</u>	<u>23,803,054</u>	<u>5,188,377</u>	<u>38,697,589</u>
<b>Segment liabilities</b>				
Segment liabilities	<u>7,801,733</u>	<u>7,265,084</u>	<u>2,995,000</u>	<u>18,061,817</u>
<b>Other segment information</b>				
Depreciation and amortisation of segment assets	<u>171,224</u>	<u>33,212</u>	-	<u>204,436</u>
<b>Cash flow information</b>				
Net cash flow from operating activities	(271,848)	(493,991)	-	(765,839)
Net cash flow from investing activities	186,924	(1,234,915)	(983,496)	(2,031,487)
Net cash flow from financing activities	(1,448,188)	845,409	-	(602,779)

In 2006 the Trust operated solely within the wine grape growing segment.

### 8. ADDITIONAL INFORMATION

The registered office and principal place of business is located at:

235 Glen Osmond Road, Frewville, South Australia 5063

Phone: +61 8 8338 3400 Fax: +61 8 8338 3244 email: [enquiries@coonawarravineyard.com.au](mailto:enquiries@coonawarravineyard.com.au)

# Coonawarra Australia Property Trust

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## Directors' Declaration

The directors of the Responsible Entity declare that:

- 1) The financial statements and notes, as set out on pages 6 to 12:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and, i
  - b. give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the board of directors.



Paul Miller  
Chairman

Adelaide, 29 February 2008

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF COONAWARRA AUSTRALIA PROPERTY TRUST**

**Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Coonawarra Australia Property Trust (the Company) and the entities it controlled (the consolidated entity), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, and other selected explanatory notes. The consolidated entity comprises both Coonawarra Australia Property Trust (the Company) and the entities it controlled during that half-year.

**Directors' responsibility for the half-year financial report**

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Coonawarra Australia Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF COONAWARRA AUSTRALIA PROPERTY TRUST (Cont)**

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coonawarra Australia Property Trust is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- b complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants



S J Gray  
Partner

Signed in Adelaide on this 29<sup>th</sup> day of February 2008

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