



COONAWARRA PREMIUM VINEYARDS PROJECT 2003 ANNUAL REPORT

Project Overview

It is with pleasure that we present the Project's Annual Report for the year ended 30 June 2003. The 2003 financial year proved to be a very challenging but successful year, with the Project producing its' second crop of premium wine grapes. The project vineyard comprises a small area in its fourth growing season, with most of the vineyard only in its third year.

The total crop harvested during 2003 was 1208.3 tonnes, which has resulted in income from wineries of \$2,062,449 after recoverable harvesting costs. Of this amount, \$56,448.33 (2.25%) resulted from quality bonuses/penalties adjustments.

This has resulted in the project exceeding projections forecasted in the Prospectus. Forecasted winery income per prospectus was estimated at \$650 per unit (after recoverable harvesting costs) whereas it is anticipated that 2003 vintage should result in \$736.58 per unit (after recoverable harvesting costs). The 2003 Vintage and Estimated Distribution Report estimated a distribution on 30 October 2003 of \$749.53. The reduced distribution is mainly due to 2003 prices being lower than 2002 prices.

Coonawarra Region Overview

According to the Phylloxera & Grape Industry Board of South Australia, the Coonawarra region's average prices were down on 2002 prices on most of the varieties the project has planted with exceptions of Shiraz (up 3.28%) and Chardonnay (up 6.23%). Despite this decrease in average prices, Coonawarra remains a premium quality region still producing premium quality grapes.

PROJECT SUMMARY

Size of Vineyard:	243 Hectares / 600 Acres
Planted Area of Vineyard:	226.8 Hectares / 560 Acres
Total 2003 Grape Harvest:	1208.3 Tonnes
Total 2003 Project Grape Revenue:	\$2,062,449
Bonus / Penalty Component of Grape Revenue:	\$56,448.33
Recoverable Harvest Costs 2002:	\$179,000
Total Units:	2800 Units
Total Number of Growers:	688 Growers

Grape Variety	Tonnes Per Prospectus Stage 1	Actual Tonnes	(\$ Price Per Prospectus *	Estimated 2003 (\$) Prices	Actual 2003 (\$) Price**	Actual (\$) after Bonuses and Penalties
Cabernet Sauvignon	410.3	510.2	2,286	2,020	1,891	1,934
Chardonnay	37.4	48.3	1,483	1,364	1,449	1,481
Merlot	141.0	111.3	1,941	1,929	1,824	1,766
Petit Verdot	58.8	80.8	1,710	1,657	1,529	1595
Shiraz	252.5	409.8	1,699	1,799	1,858	1938
Sauvignon Blanc	33.6	47.9	1,163	1387	1,350	1381
Total	933.5	1208.3	1,835,576	2,098,673		2,062,449***
Per Unit			650	750		736.58

* Price per prospectus before recoverable harvesting costs.
 ** Estimated Price before recoverable harvesting costs \$179,000.
 *** After recoverable harvest costs of \$179,000.