Coonawarra Premium Vineyards Project

ARSN 087 876 186

2004 Annual Reports

Responsible Entity:

Coonawarra Premium Vineyards Limited

AFS Licence No. 226243 ABN 56 086 944 265

Level 1, 7 Greenhill Road, Wayville SA 5034

Phone (08) 8299 9455 Fax (08) 8299 9355

Annual Reports
for the year ended 30 June 2004

Contents | Page Number

Corporate Information

Responsible Entity (RE)	Coonawarra Premium Vineyards Limited ABN 58 086 944 265 AFS Licence No. 226243
Directors of the RE	Richard Beck (Chairman) Paul Miller (Compliance Officer) Rex Watson (Group Managing Director)
Company secretary of the RE	Andrew Parkinson
Registered office and principal place of business	Level 1, 7 Greenhill Road, Wayville, South Australia 5034
Postal address	PO Box 6243 Halifax Street, Adelaide South Australia 5000
Phone:	+61 8 8299 9455
Fax:	+61 8 8299 9355
Email:	enquiries@coonawarravineyard.com.au
Grower Registry	Coonawarra Premium Vineyards Ltd, Adelaide
Custodian	Tower Trust (SA) Limited, Adelaide
Auditors	Deloitte Touche Tohmatsu, Adelaide
Taxation advisor	Deloitte Touche Tohmatsu, Adelaide

2004 Annual Project Report

Project Overview

It is with pleasure that we present the Annual Project Report for the year ended 30 June 2004. Vintage 2004 has been a particularly hard year for the wine industry. Although favourable weather conditions were experienced during the flowering period, rain periods and cool weather during harvest have caused slight problems with grape quality. In general, grape purchasers have been moving away from long term contracts, and the perceived oversupply of red grape varieties has markedly reduced their price. Many articles have been printed in the press relating to both of these issues.

The 2004 harvest is the Project's third crop of premium wine grapes. The Project vineyard comprises a small area in its fifth growing season, with most of the vineyard only in its fourth year.

The total crop harvested during 2004 was 2,664.13 tonnes, with 2,447.34 tonnes relating to the Managed Growers Pool. 1,251.48 tonnes were sold as grapes resulting in income from wineries of $1,321,560 before recoverable harvesting costs. Of this amount, -$62,110 (-4.5%) resulted from quality bonuses/penalties adjustments. The remaining 1,412.65 tonnes of grapes were made into bulk wine. Net proceeds from the sale of this bulk wine will be passed on to growers in due course.

Despite the Project producing a yield higher than that forecast in the Prospectus, estimated distribution from the Project is lower than projected. The main reason for this is Nugan defaulting and refusing to take delivery of the 2004 harvest. Had Nugan paid in accordance with the contract and at 2003 prices, sales would have been in line with Prospectus forecasts.

The other contributing factor to the low income this year is the reduction in grape prices. The District Weighted Average Price per tonne of red varieties decreased on average by 40% on 2003 prices.

Coonawarra Region Overview

According to the Phylloxera & Grape Industry Board of South Australia, the Coonawarra region's average prices were down on 2003 prices on all varieties the project has planted. Red varieties were reduced the most. 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 2004 Grape Harvest (Tonnes):

2,664.13 (Total Project)
2,447.34 (Managed Growers Pool)

Total 2004 Project Grape Revenue:

$1,321,560

Bonus / Penalty Component of Grape Revenue:

($62,110)

Total 2004 Project Bulk Wine Produced:

991,100 Litres

Interim Grape Processing Costs:

$268,070

Recoverable Harvest Costs:

2003 Balance of Costs: $156,364
2004 Interim Costs: $100,000
Total: $256,364

Total Units:

2800 Units

Total Number of Growers:

662 Growers

2004 Harvest Summary

Grape Variety	Tonnes Per Prospectus	Actual Tonnes Harvested	2004 Tonnes Sold (excluding Nugan Blocks)	($) Price Per Prospectus **	Actual 2004 ($) District Weighted Average Price	Actual proceeds ($) after Bonuses and Penalties	Litres of Bulk Wine from Nugan Blocks
Cabernet Sauvignon	729.73	1,254.10	536.44	2,355	1,146	612,178	454,700
Chardonnay	75.53	144.21	61.56	1,528	1,447	86,962	61,500
Merlot	265.06	275.45	156.94	2,000	952	151,307	91,800
Petit Verdot	117.71	168.17	168.17	1,761	1,280	185,819	N/A
Shiraz	466.37	695.64	270.77	1,750	890	228,936	332,200
Sauvignon Blanc	47.50	126.56	57.60	1,198	1,288	56,358	50,900
Total	1,701.91	2,664.10	1,251.48*			1,321,560***	991,100
Per Unit	0.664	0.951	0.447			471.99***	353.96

* Total excluding Nugan blocks.

** Price per prospectus before recoverable harvesting costs.

*** Before recoverable harvest costs.

Corporate Governance Statement

The Board of Directors of the Responsible Entity (RE)

As at the date of this report the Board of the RE comprised three directors: two non-executive directors and one executive (the Group Managing Director). The Chairman of the Board is a non-executive director. The Chief Executive Officer (CEO) is not a director, but in his capacity as Company Secretary he attends all board meetings. There are no set terms for directors to hold office. The Board meets on a monthly basis and its primary functions include:

(a) the approval of the annual and half-year financial statements, and the timely lodgment thereof;

(b) the establishment of the long-term goals of the Project and strategic plans to achieve those goals;

(c) the review and adoption of annual budgets for the financial performance of the Project and monitoring the results on a regular basis; and

(d) ensuring that the Project has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Independent Professional Advice

With the prior approval of the Company Secretary, each director has the right to seek independent and other professional advice at the Project's expense (providing a copy of such advice is provided to the Project concerning any aspect of the company's operations and undertakings in order to fulfil his duties and responsibilities as director.)

Audit and Compliance Committee

As at the date of this report the RE's Audit and Compliance Committee consists of the following members, all of whom are independent of the management of the RE and do not participate in management of the RE or the Project:

- Professor Michael Burgess (Independent Chairman of the Committee)
- Mr Richard Beck (Independent Chairman of the RE)
- Mr Paul Miller (Independent Compliance Director of the RE)

The Audit and Compliance Committee provides a forum for the effective communication between the Board and external auditors. The primary function of the Audit and Compliance Committee is to review:

(a) the annual and half-year financial statements before they are approved by the Board;

(b) the effectiveness of management information systems and systems of internal control; and

(c) the efficiency and effectiveness of the external audit function.

The Audit and Compliance Committee generally invites the Company Secretary of the RE, the General Manager Finance & Administration and the external auditors to attend the Audit and Compliance Committee meetings.

The Audit and Compliance Committee also monitors the compliance activities of the Project and reports to the Board to ensure that the compliance responsibilities of the Project are being satisfied and that appropriate controls and reporting practices are in place to ensure that compliance obligations are satisfied and maintained at the highest level. This includes compliance with ASX reporting requirements and all other public disclosure requirements of a disclosing entity.

The Audit and Compliance Committee oversees the performance of management and the board in achieving the compliance and business objectives of the Project and ensures that Growers are informed of all information necessary to assess the performance of directors.

Risk Management and Other Board Committees

The Board is responsible for the RE's system of internal controls. The Board monitors the operational and financial aspects of the Project's activities and, through the Audit and Compliance Committee, the Board considers the recommendations and advice of the external auditors on the operational and financial risks that face the Project.

The Board ensures that recommendations made by the external auditors are investigated and, where considered necessary, appropriate action is taken to ensure that the Project has an appropriate internal control environment in place to manage the key risks identified.

The size of the Project does not justify the establishment of separate nomination or remuneration committees. These functions are carried out by the board as a whole, seeking external advice where appropriate.

Environmental Review

The RE has a strong commitment to playing its part in reducing the damaging impact of human activity on the environment.

Occupational Health and Safety

The RE recognises its duty to ensure the occupational health, safety and welfare (OHS&W) at work of its contractors and visitors when on the Project's property. The Project has no employees. The Project's management plan involves several key elements:

- A preventative approach is adopted through adequate hazard management and regular review of action plans.
- Appropriate standards of work methods are maintained by consultation between contractors and managers.
- Contractors are provided with information necessary to understand the risks associated with their work and their responsibility to safe work practices.
- All legislative requirements are met and incorporate continuous improvement via Project action plans.

Directors' Report

The directors of Coonawarra Premium Vineyards Limited ABN 58 086 944 265, as Responsible Entity (RE) for the Coonawarra Premium Vineyards Project ARSN 087 876 186 (Project), present their report on the Project for the year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and particulars of the directors of the RE during or since the end of the year are:

Name	***Particulars***
Mr Richard P. Beck	FVLE, FAID, FAIM Non-executive Chairman with extensive experience on many public company boards and has established a highly successful funds management business.
Mr Rex L. Watson	Executive Director. Founder in 1991 and Managing Director of a company providing diversified services to the Australian and New Zealand Wine Industry until acquisition by Brambles Limited in 1998. More recently, the driving force behind the development of approximately 1,000 acres of vineyard in Australia's premium wine grape growing region – Coonawarra.
Mr Paul H. Miller	B Ag Sci. Executive Director and Compliance Officer. Has over 20 years experience as a research scientist, a consulting horticulturalist, and since 1997 in commercial viticulture.

Principal Activities

The Project is a registered Managed Investment Scheme domiciled in Australia.

The Project's principal activity in the course of the year was to grow wine grapes on behalf of investors in the Project (Growers) on land made available to licensees under a 13 year licence agreement by Coonawarra Australia Property Trust ABN 37 529 164 940 (Trust). Upon the expiry of the licences in 2012, ownership of improvements to the land vests in the Trust. The Project has no employees.

During the year there were no significant changes in the nature of those activities.

Review of Operations

A summary of the revenue and results for the year is set out below. Details are disclosed in the attached financial statements and notes.

	2004	**2003**
	$	**$**
Management fees	1,946,344	1,853,612
Grant of use (licence) fees	1,931,101	626,780
Grape processing fees	268,070	-
Interest income	23,712	1,660
Expenses	4,169,227	2,482,052
Net profit	-	-

The Project vineyards continue to mature and produced a full crop in 2004, their third year of production. All grapes from the Project are contracted to wineries for the life of the Project: however, Nugan Group Pty Ltd has unilaterally repudiated its grape supply contract and has refused to take its grapes this year.

Due to the repudiation by Nugan of their grape supply agreement, 1,301 tonnes of grapes harvested from blocks 1 to 6 of the Project for Nugan Group could not be sold as grapes. The grapes were processed into bulk wine at Great Stone Winery in the Coonawarra district and the resulting bulk wine will be placed with an agent to be sold on the bulk wine market. 1,002,000 litres of bulk wine were produced, which is expected to yield approximately 910,800 litres of wine for sale after shrinkage (evaporation, filtration and completion of processing).

Changes in State Of Affairs

During the financial year there was no significant change in the state of affairs of the Project other than that referred to in the financial statements or notes thereto.

Subsequent Events

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.

Directors' Report (continued)

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.

Distribution Payments

Distributions of grape proceeds and/or bulk wine sales are paid annually in November following the end of each trading year and completion of the harvest pricing. Unpaid management fees, grant of use fees or any other recoverable costs are withheld from grape proceeds distributions in accordance with the Project's constitution.

Indemnification of Officers and Auditors

During the financial year, the RE paid a premium in respect of a contract insuring the directors of the RE (as named above), the RE secretary, and all executive officers of the RE against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The RE has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the RE against a liability incurred as such an officer or auditor.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of board committees) held during the financial year whilst each board or committee member was in office and the number of meetings attended by each. During the financial year, 12 board meetings and 5 Audit and Compliance Committee meetings were held.

Board of Directors			Audit & Compliance Committee		
Name	Meetings held	Attended	Name	Meetings held	Attended
Richard Beck	12	11	Richard Beck	5	5
Paul Miller	12	12	Paul Miller	5	5
Rex Watson	12	11	Prof. M Burgess	5	4

Registered Schemes Information

The value of the Project's assets at the end of the financial year is disclosed in the Statement of Financial Position "Total Assets" and the basis of valuation is included in Note 1 to the Financial Statements.

	Managed Units	Unmanaged Units	Total Units
Total Units at Beginning of Year	2,561	239	2,800
Units Issued During Financial Year	-	-	-
Total Units At End of Financial Year	2,561	239	2,800
Units held by Responsible Entity or associates	7	239	246

Total fees paid or payable to the Responsible Entity (or associates) in respect of the year ended 30 June 2004 totalled $4,169,227 (2003: $2,482,052) representing payments made by growers in accordance with the Prospectus dated 17 June 1999 and the Project's constitution.

Directors' Unitholdings

The following table sets out each director's relevant interest in the Grower Units of the Project or a related body corporate as at the date of this report.

Name of Director	No of units held
Richard Beck	-
Paul Miller	-
Rex Watson *	246

* Grower Units held by Coonawarra Vineyard Management Services Pty Ltd

This report is made in accordance with a resolution of the directors of the RE pursuant to the Corporations Act 2001.

R L Watson
Director

Adelaide, 10 September 2004

Statement of Financial Performance
for the year ended 30 June 2004

	2004	2003
Operating revenue	**$**	**$**
Management fees	1,946,344	1,853,612
Grant of use fees	1,931,101	626,780
Grape processing fees	268,070	-
Interest revenue: growers	19,863	207
Interest revenue: other	3,849	1,453
Revenue from ordinary activities	4,169,227	2,482,052
Management fee expenses	(1,946,344)	(1,855,195)
Grant of use fee expenses	(1,931,101)	(626,780)
Grape processing expenses	(268,070)	-
Borrowing expenses	(23,712)	(77)
Profit from ordinary activities before related income tax expense	-	-
Income tax expense relating to ordinary activities	-	-
Profit from ordinary activities after related income tax expense	-	-
Net profit	-	-
Total changes in equity other than those resulting from transactions with owners as owners	-	-

Notes to the financial statements are included on pages 10 to 16.

Statement of Financial Position
as at 30 June 2004

	Notes	2004 $	2003 $
Current assets			
Cash assets		33,578	187,725
Receivables	4	1,602,701	1,533,578
Other	5	1,950,582	1,853,652
TOTAL CURRENT ASSETS		3,586,861	3,574,955
TOTAL ASSETS		3,586,861	3,574,955
Current liabilities			
Payables	6	1,636,279	1,721,303
Other	7	1,950,582	1,853,652
TOTAL CURRENT LIABILITIES		3,586,861	3,574,955
TOTAL LIABILITIES		3,586,861	3,574,955
NET ASSETS		-	-
EQUITY	8	-	-
TOTAL EQUITY		-	-

Notes to the financial statements are included on pages 10 to 16.

Statement of Cash Flows
for the year ended 30 June 2004

	Notes	2004 $	2003 $
Cash flows from operating activities			
Receipts from customers		4,076,392	1,682,608
Payments to suppliers		(4,254,251)	(1,834,799)
Interest received		23,712	1,661
Net cash used in operating activities	9	(154,147)	(150,530)
Cash flows from investing activities			
		-	-
Net cash provided by investing activities		-	-
Cash flows from financing activities			
		-	-
Net cash provided by financing activities		-	-
NET DECREASE IN CASH HELD		(154,147)	(150,530)
Cash at the beginning of the year		187,725	338,255
CASH AT THE END OF THE YEAR		33,578	187,725
Reconciliation of cash			
Cash at bank		33,578	187,725

Notes to the financial statements are included on pages 10 to 16.

Notes to the Financial Statements
for the year ended 30 June 2004

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose financial report. It has been prepared in accordance with the Project's constitution, applicable Accounting Standards, Urgent Issues Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Goods and Services Tax

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

(b) Income Tax

No provision for income tax is taken into account when preparing the Project's financial statements, as the Project has no tax liability in respect of its earnings. Individual members (Growers) in the Project will account for the income of the Project in their individual taxation returns at their applicable tax rate.

(c) Grapevines and Grapes

The grapevines are legally part of the land and therefore are the property of the land holder, being Coonawarra Australia Property Trust. Proceeds from sales of grapes is income of the Growers and, as reported in Note 10, does not form part of the Project for the purpose of these financial statements.

(d) Revenue Recognition

Revenue is recognised when the Project gains control of the revenue or the right to receive the revenue.

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments.

(f) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(g) Prepaid expenses and Unearned Income

Prepaid expenses and unearned revenue relate to management fees for the following financial year invoiced in June.

(h) Accounts Payable

Trade payables and other accounts payable are recognised when the Project becomes obliged to make future payments resulting from the purchase of goods and services.

2. SEGMENT INFORMATION

The Project operates solely in South-Eastern Australia and solely within the primary production wine-grape growing industry.

	2004	2003
3. REMUNERATION OF AUDITORS	**$**	**$**
Auditing the financial reports	8,000	7,800
Other services	-	-
	8,000	7,800
4. CURRENT RECEIVABLES		
Trade debtors - growers	1,602,701	1,533,578

Notes to the Financial Statements
for the year ended 30 June 2004

	2004	2003
5. OTHER CURRENT ASSETS	**$**	**$**
Prepaid expenses	1,950,582	1,853,652
6. CURRENT PAYABLES		
Trade payables: RE	1,268,128	1,425,423
Trade payables: other related entities - the Trust	368,151	293,465
Payable to growers	-	2,415
	1,636,279	1,721,303
7. OTHER CURRENT LIABILITIES		
Unearned revenue	1,950,582	1,853,652

8. EQUITY

Stapled Securities

The Project is fully subscribed with a total number of 2,800 units issued.

The Project's interests were stapled to Units in the Coonawarra Premium Vineyards Unit Trust (Trust). Under the terms of the Project's constitution, each investor was required to pay $8,500 to acquire a single Stapled Interest comprising one Trust Unit and one Grower Interest. An Investor could acquire any multiple of Stapled Interests, providing that the Grower's Interest and the Unitholder's Interest were always acquired together. Each Grower Interest was to be held at all times by a Unitholder, or an associate of the Unitholder, in the Coonawarra Premium Vineyards Unit Trust.

At an extraordinary general meeting held on 12th December 2002, the Growers and Unitholders approved a restructure of the Project and Trust. The restructure, which was completed in 2003, required the Trust Units and Grower Interests to be unstapled and the Trust to be registered as a separate Managed Investment Scheme. This provided the Trust with the mechanism to change its name to Coonawarra Australia Property Trust and list the Trust Units on ASX.

The Trust Units have no value in the Coonawarra Premium Vineyards Project financial statements, and consequently are not disclosed in the Statement of Financial Position.

	2004	2003
9. NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**$**	**$**
Profit from ordinary activities after income tax	-	-
Changes in net assets and liabilities:		
Current receivables	(69,123)	(797,824)
Other current assets	(96,930)	(1,853,652)
Current payables	(85,024)	647,294
Other current liabilities	96,930	1,853,652
Net cash used in operating activities	(154,147)	(150,530)

The Project does not have any financing facilities.

Notes to the Financial Statements
for the year ended 30 June 2004

10. PROJECT INFORMATION

The Project represents the combined contributions of the Growers and the transfer of those contributions to the Responsible Entity. The Responsible Entity manages the Project on behalf of the Growers, and also acts as agent for managed unit Growers on their behalf to sell their grapes.

Proceeds from sales of grapes are income of the Growers, and do not form part of the Project. Accordingly, proceeds from sales held by the Custodian (Tower Trust (SA) Limited) at reporting date, and amounts receivable at reporting date from wineries in respect of grape sales, are not included in the financial report of the Project.

Under the terms of a 13-year license agreement, the members of the Coonawarra Premium Vineyards Project are entitled to establish and grow wine grapes on the land held by the Coonawarra Australia Property Trust. Upon expiry of the licence in 2012, ownership of improvements to the land vests in the Trust.

Grape sale details for the managed units for the financial year are:

	2004	2003
	$	$
Sales of grapes for the year (1)	1,430,903	2,252,352
Net value of grapes picked and made into bulk wine (2)	910,800	-
Balance of Gross Proceeds Account held by Custodian at end of year	795,065	155,465
Trade Receivables – Wineries	390,627	1,635,790
Proceeds payable to Growers	1,430,903	2,252,352

(1) A total of $1,306,410 has been invoiced to wineries to the reporting date, with $915,783 received by 30 June 2004. Since 30 June 2004 a further amount of $243,362 has been received. The final payments from the wineries are due by 30 September 2004, together with adjustments to 2004 prices and any bonuses, penalties or recoverable costs applying.

(2) Due to the repudiation by Nugan Group Pty Ltd of their grape supply agreement, 1,301 tonnes of grapes harvested from blocks 1 to 6 of the Project for Nugan Estate could not be sold as grapes. The grapes were processed into bulk wine at Great Stone Winery in the Coonawarra district and the resulting bulk wine will be placed with an agent to be sold on the bulk wine market.

11. CONTINGENT ASSETS AND LIABILITIES

The Project had no contingent assets or liabilities as at the last reporting date of 30 June 2004. No contingent assets or liabilities have arisen since that date.

12. SUBSEQUENT EVENTS

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.

Notes to the Financial Statements
for the year ended 30 June 2004

13. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Trust.

The Project does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Project's maximum exposure to credit risk.

(c) Interest rate risk exposures

2004	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets		**$**	**$**	**$**
Cash assets	4.00%	33,578	-	33,578
Receivables		-	1,602,701	1,602,701
		33,578	1,602,701	1,636,279
Financial liabilities				
Trade payables		-	1,636,279	1,636,279
		-	1,636,279	1,636,279

2003		Floating interest rate	Non-interest bearing	Total
Financial assets		**$**	**$**	**$**
Cash assets	3.25%	187,725	-	187,725
Receivables		-	1,533,578	1,533,578
		187,725	1,533,578	1,721,303
Financial liabilities				
Trade payables		-	1,721,303	1,721,303
		-	1,721,303	1,721,303

Notes to the Financial Statements
for the year ended 30 June 2004

14. RELATED PARTY AND SPECIFIED EXECUTIVE DISCLOSURES

The director and executive information has not been prepared in accordance with the new AASB 1046 “Directors and Executives Disclosures by Disclosing Entities” That standard replaces the disclosures in relation to directors and executives as specified by section 4 of AASB 1017 “Related Party Disclosures” and section 6 of AASB 1034 “Financial Report Presentation and Disclosures”.

However, the Australian Securities and Investments Commission (ASIC) has issued Class Order 04/0967 which relieves registered schemes that are disclosing entities to reveal remuneration paid directly or indirectly to directors and executives of their responsible entities in their financial reports.

The Class Order covers financial years and half-years ending 30 June 2004 up to, but not including, 30 September 2004. The Order was made in response to a request by the Australian Accounting Standards Board (AASB) for relief from any relevant disclosure requirement of AASB 1046 "Director and Executive Disclosures by Disclosing Entities".

Pursuant to this Class Order, such information has not been provided in these financial statements.

The disclosures specified in AASB 1017 in relation to related parties continue to apply to the Project. The following information is provided pursuant to those disclosure requirements.

The disclosures specified in AASB 1017 in relation to all other related parties continue to apply to the Project.

(a) Responsible Entity, Custodian and Manager

The responsible entity of Coonawarra Premium Vineyards Project is Coonawarra Premium Vineyards Limited (ACN 086 944 265), which is a wholly owned subsidiary of Coonawarra Vineyard Management Services Pty Ltd whose ultimate parent entity is Watson Wine Group Pty Ltd ACN 093 886 509 (formerly CVMS Holdings Pty Ltd). Accordingly, transactions with entities related to the Watson Wine Group are disclosed below.

Coonawarra Premium Vineyards Limited also acts as the Manager of the Project and Tower Trust (SA) Ltd is the Custodian.

(b) Names

The following persons were directors of the RE, Coonawarra Premium Vineyards Limited, during the financial year:

Richard Beck (Chairman)
Paul Miller (Compliance Officer)
Rex Watson (Group Managing Director)

(c) Equity holdings

The numbers of units in the Project held during the financial year by each director of the RE and each of the specified executives of the RE, including their personally-related entities, are set out below. All issued units are fully paid.

	Balance at start of year	Acquired during the year	Balance at end of year
	number	number	number
Directors of the RE			
Rex Watson (#)	246	-	246
Paul Miller	-	-	-
Richard Beck	-	-	-

Units all held by Coonawarra Vineyard Management Services Pty Ltd

	Managed Units	Unmanaged Units	Total Units
Total Units at Beginning of Year	2,561	239	2,800
Units Issued During Financial Year	-	-	-
Total Units At End of Financial Year	2,561	239	2,800
Units held by Responsible Entity or associates #	7	239	246

Notes to the Financial Statements
for the year ended 30 June 2004

14. RELATED PARTY AND SPECIFIED EXECUTIVE DISCLOSURES (continued)

(d) Remuneration of directors and executives

The board of directors of the RE reviews the remuneration packages of directors and senior executives of the RE on an annual basis and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of Coonawarra Australia Property Trust and the related Managed Investment Schemes Coonawarra Premium Vineyards Project and Coonawarra Premium Vineyards Project No.2.

	2004 $	2003 $
The aggregate of income paid or payable or otherwise made available in respect of the financial year, to all directors of the Trustee, directly or indirectly, by the Trustee or by any related party	212,940	247,649
The number of directors of the Trustee, whose aggregate income paid or payable, or otherwise made available falls within each successive band of income is:		
$30,000 to $39,999	2	1
$80,000 to $89,999	-	1
$120,000 to $129,999	-	1
$140,000 to $149,999	1	-
The number of executives of the Trustee, including directors, whose aggregate income paid or payable, or otherwise made available is in excess of $100,000 and falls within each successive band of income is:		
$100,000 to $109,999	1	-
$120,000 to $129,999	-	1
$140,000 to $149,999	1	-

(e) Transactions with other related parties

Other related parties includes: associates; directors of related parties and their director-related entities; entities subject to common control; and other related parties.

Aggregate amounts receivable from or payable to other related parties are disclosed in notes 4 and 6 to the financial statements. These amounts were paid on normal terms and conditions.

Details of interest revenue from other related parties are disclosed in the statement of financial performance.

Details of interest expense paid to the RE are disclosed in the statement of financial performance.

During the financial year management fees ($1,946,344) and interest ($23,712) were paid to the Responsible Entity. The amounts were paid on normal terms and conditions in accordance with the Scheme's constitution.

During the financial year licence fees were paid to Coonawarra Australia Property Trust, an other-related entity. The licence fees were paid in accordance with the Scheme's constitution.

Proceeds from sales of grapes are income of the investors and, as reported in Note 10, does not form part of the Project.

Notes to the Financial Statements
for the year ended 30 June 2004

15. IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS)

Management of the transition to A-IFRS

In accordance with the Financial Reporting Council's strategic directive, the Project will be required to prepare financial statements that comply with Australian Equivalents to International Financial Reporting Standards (A-IFRS) for annual reporting periods beginning on or after 1 January 2005. Accordingly the Project's first half-year report prepared under A-IFRS will be for the half-year reporting period ending 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 30 June 2006.

At the date of this report, the directors of the Responsible Entity have not yet finalized a high-level assessment of the impact of A-IFRS on the Project, and consequently have not yet determined how they are going to manage the transition to A-IFRS. However, the directors are monitoring the developments in A-IFRS and the potential impact it will have on the Project, and expect to complete an impact study and commence a plan to prepare the Project to be A-IFRS compliant shortly.

While no decision has yet been made as to the policy alternatives to be applied or the extent to which it will affect the Project, the directors have identified the following (among others whose effects are set out below) as being the key accounting policy differences expected to arise on transitioning to A-IFRS:

AASB 136 "Impairment of Assets"

First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the Project will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ending 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be de-recognised. As most adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as distributions may differ significantly.

Various voluntary and mandatory exemptions are available to the Project on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS.

The impact on the Project of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The RE is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome for the Project.

Financial assets and financial liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, the RE will be required to classify these financial instruments into various specified categories. The classification of the instrument will affect the instrument's subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit and loss. The RE is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

Impairment of financial assets

The RE provides an allowance for doubtful debts using an estimate based on specific analysis of receivables. Under A-IFRS, the RE will provide for doubtful debts on the basis that a financial asset or group of financial assets is impaired only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset – that is, an incurred but not yet reported model rather than an expected loss model must be applied. Consequently, on adoption of A-IFRS, and on an ongoing basis, general provisions may no longer be appropriate, which may cause the carrying amount of various financial assets to increase.

16. ADDITIONAL INFORMATION

The Project is a registered Managed Investment Scheme operating in Australia. Other than the directors of the RE, there are no employees of the Scheme.

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

Level 1, 7 Greenhill Road, Wayville, South Australia 5034

Phone: +61 8 8299 9455

Directors' Declaration

The financial statements and notes thereto of the Coonawarra Premium Vineyards Project for the year ended 30 June 2004 have been prepared by Coonawarra Premium Vineyards Limited (Responsible Entity) in accordance with the Corporations Act 2001.

The directors of the Responsible Entity declare that the financial statements and notes set out on pages 7 to 16:

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) give a true and fair view of the Project's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the directors' opinion:

a) the financial statements and notes are in accordance with the Corporations Act 2001; and

b) 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 directors of the RE pursuant to the Corporations Act 2001.

R L Watson
Director

Adelaide, 10 September 2004

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Deloitte House
190 Flinders Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

DX 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7001
www.deloitte.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COONAWARRA PREMIUM VINEYARDS PROJECT

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Coonawarra Premium Vineyards Project, for the financial year ended 30 June 2004 as set out on pages 7 to 17.

The directors of the disclosing entity are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the disclosing entity. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Coonawarra Premium Vineyards Project is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the disclosing entity's financial position as at 30 June 2004 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants

Adelaide, 13 September 2004