

Coonawarra Premium Vineyards Project

ARSN 087 876 186

2006 Annual Report

Responsible Entity:

Coonawarra Premium Vineyards Limited, AFS Licence No. 226243 ABN 56 086 944 265
235 Glen Osmond Road, Frewville SA 5063 Phone (08) 8338 3400 Fax (08) 8338 3244

Coonawarra Premium Vineyards Project

Annual Report for the year ended 30 June 2006

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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:	enquiries@coonawarravineyard.com.au
Grower Registry	Coonawarra Premium Vineyards Ltd, Adelaide
Custodian	Australian Executor Trustees (SA) Limited, Adelaide
Auditors	Deloitte Touche Tohmatsu, Adelaide
Taxation advisor	Deloitte Touche Tohmatsu, Adelaide

Coonawarra Premium Vineyards Project

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 2006. 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 Paul H. Miller	B Ag Sci. Aged 49. Non-executive Chairman and Compliance Officer. Has over 20 years experience as a research scientist, a consulting horticulturalist, and since 1997 in commercial viticulture. A director of the RE since 1999, he was appointed as non-executive chairman on 7 February 2006.
Mr Rex L. Watson	Group Managing Director. Aged 51. 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 extensive vineyards in the Coonawarra region and an expanding wine business. Director of the RE since 1999.
Mr Andrew G Parkinson	B Comm. LLB, Aged 52, Chief Executive Officer with over 25 years experience at senior management levels in stockbroking, banking and chartered accounting firms. Inaugural Chairman of the RE and actively involved in the viticulture and wine industry since 1999. He commenced the full time role of Chief Executive Officer with the RE in January 2003 and oversaw the listing of the Trust in 2003. Appointed a director on 7 February 2006.
Mr C Richard P. Beck	FVLE, FAID, FAIM Aged 62. Formerly non-executive Chairman. Extensive experience on many public company boards and property development businesses.

The above named directors held office during and since the end of the half-year except for Mr Richard Beck, who resigned as a director on 7 February 2006 and Mr Andrew Parkinson, who was appointed as a director on 7 February 2006.

Company Secretaries

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

Name	Particulars
Mr Andrew Parkinson	As above
Mr Charlie Latham	BSc(hons), CA, ACA, MAICD aged 52. Chartered Accountant with over 30 years professional accounting experience. Joined the RE in October 2003 and appointed secretary 10 December 2004. Twelve years experience as company secretary at a number of ASX-listed investment and manufacturing companies. Responsible Officer for the Project's AFS licence.

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 3 further licensees (2005: 26) defaulted on their licence fee payments and their grants of use were terminated by the RE of the Project. Such termination does not relieve the grower from liability for any breach or non-performance of the grower's obligations arising under the Project's constitution. The licensees remain responsible for any arrears and the RE of the Project will continue with actions to recover the outstanding amounts. 339 lots (2005: 326 lots) out of the 2,800 lots that comprise the Trust's vineyards are affected by these terminations.

During the year there were no significant changes in the nature of the Project's activities.

Distribution Payments

Distributions of net 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.

Coonawarra Premium Vineyards Project

Directors' Report (continued)

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.

	2006	2005
	\$	\$
Management fees	1,744,059	1,844,687
Grant of use (licence) fees	1,824,126	1,869,073
Grape harvest, processing & storage fees	543,062	960,371
Legal costs recovered & other income	94,206	109,187
Interest revenue	37,673	17,441
Expenses	4,243,126	4,800,759
Profit for the year	-	-

The Project vineyards continue to mature and produced a full crop in 2006, their fifth year of production. The Project vineyard comprises 12 separately identified blocks. All grapes from blocks 7 to 12 of the Project are contracted to wineries for the life of the Project at district weighted average prices (DWAP). Blocks 1 to 6 were contracted to Nugan Group Pty Ltd (Nugan) at DWAP, but in 2004 Nugan unilaterally repudiated its grape supply contract and refused to take its grapes.

All the uncontracted 2005 white wine grapes were bought from the Project by director-related entity Watson Wine Group Pty Ltd (WWG) at terms equivalent to those that would have applied to Nugan under the original contract, including DWAP. WWG also bought some 2004 vintage and 2005 vintage Project bulk wine for bottling and sale. All sales to WWG are negotiated for the Project by the independent directors of the RE, with WWG executives (including Rex Watson) taking no part in the RE's decision making process in order to avoid any conflict of interest. All of the uncontracted 2005 Merlot grapes were sold to a third party.

This means that 4 blocks of the Project 2006 crop were not sold as grapes (being Shiraz from block 2 and Cabernet Sauvignon from blocks 4 to 6), which has been processed into bulk wine at Russet Ridge Winery near Naracoorte and DiGeorgio Family Winery at Coonawarra.

Changes in State Of Affairs

Coonawarra Vineyard Management Services Pty Ltd, the Manager of the Project Vineyard, (Project Manager) has declined to continue the lease agreement with the Trust to take over the agricultural risk associated with the terminated lots. The lease arrangement was effective from the date of termination of each terminated vineyard lot up until 30 June 2006. As part of that lease agreement, the rent was payable out of grape proceeds. However, grape proceeds were insufficient to cover the costs of managing the terminated lots. Terminated lots cease to be part of the Project and are not recorded in the Project financial statements.

There were no other significant changes in the state of affairs of the Project other than that referred to in the financial statements or notes thereto.

Subsequent Events

Blocks 1 to 6 of the Project were contracted to Nugan Group Pty Ltd (Nugan) at DWAP, but in 2004 Nugan unilaterally repudiated its grape supply contract and refused to take its grapes. Litigation ensued as the RE sought to collect the final payment due for the 2003 crop and compensation for Nugan failing to take the grapes in 2004 and later years. The litigation with Nugan was settled in July 2006. The terms of the settlement are confidential. A payment has been received from Nugan and further payments are due to be received in future periods. Appropriate details of these receipts will be advised to investors on a confidential basis.

There has not been any other 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.

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.

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 secretaries, 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.

Coonawarra Premium Vineyards Project

Directors' Report (continued)

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. The total numbers of meetings of each body held during the financial year are shown at the bottom of each table.

<u>Board of Directors</u>			<u>Audit & Compliance Committee</u>		
<u>Name</u>	<u>Meetings held</u>	<u>Attended</u>	<u>Name</u>	<u>Meetings held</u>	<u>Attended</u>
Richard Beck	10	7	Richard Beck	2	1
Paul Miller	18	17	Paul Miller	2	2
Rex Watson	18	15	Prof. Michael Burgess	2	2
Andrew Parkinson	8	8			
Total meetings held	18		Total meetings held	2	

<u>Audit Committee</u>			<u>Compliance Committee</u>		
<u>Name</u>	<u>Meetings held</u>	<u>Attended</u>	<u>Name</u>	<u>Meetings held</u>	<u>Attended</u>
Prof. Michael Burgess	2	2	Prof. Michael Burgess	6	4
Paul Miller	2	2	Paul Miller	6	6
Andrew Parkinson	2	2	Andrew Parkinson	6	6
Total meetings held	2		Total meetings held	6	

Registered Schemes Information

The carrying value of the Project's assets at the end of the financial year is disclosed in the Balance Sheet "Total Assets" and the basis of measurement is included in Note 1 to the Financial Statements.

	<u>Managed Units</u>	<u>Unmanaged Units</u>	<u>Total Project Units</u>	<u>Terminated lots ##</u>
Total Units at Beginning of Year	2,235	239	2,474	326
Units Issued During Financial Year	-	-	-	-
Units terminated	(13)	-	(13)	13
Total Units At End of Financial Year	2,222	239	2,461	339
Units held by Responsible Entity or associates	7	239	246	

Terminated lots are no longer part of the Project.

Total fees and expenses paid or payable to the Responsible Entity (or associates) in respect of the year ended 30 June 2006 totalled \$4,243,126 (2005: \$4,800,759) 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.

<u>Name of Director</u>	<u>No of units held</u>
Paul Miller	-
Rex Watson *	246
Andrew Parkinson	-
Richard Beck	-

* Grower Units held by Coonawarra Vineyard Management Services Pty Ltd

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the financial report.

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



Andrew Parkinson
Director

Adelaide, 22 September 2006

The Board of Directors
Coonawarra Premium Vineyards Project
235 Glen Osmond Road
FREWVILLE SA 5063

22 September 2006

Re: Coonawarra Premium Vineyards Project

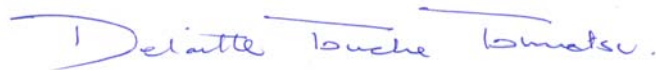
Dear Board Members

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coonawarra Premium Vineyards Project.

As lead audit partner for the audit of the financial statements of Coonawarra Premium Vineyards Project for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants

Coonawarra Premium Vineyards Project

Income Statement for the year ended 30 June 2006

	2006	2005
	\$	\$
Revenue		
Management fees	1,744,059	1,844,687
Grant of use fees	1,824,126	1,869,073
Grape harvesting, processing & storage fees	543,062	960,371
Interest revenue: growers	37,587	15,824
Interest revenue: other	86	1,617
Total revenue	4,148,920	4,691,572
Other income		
Legal fees recovered	90,694	109,187
Other income	3,512	-
Total other income	94,206	109,187
Total	4,243,126	4,800,759
Management fee expenses	(1,744,059)	(1,844,687)
Grant of use fee expenses	(1,824,126)	(1,869,073)
Grape harvesting, processing & storage expenses	(543,062)	(960,371)
Legal expenses	(90,694)	(109,187)
Finance costs	(37,673)	(17,441)
Other expenses	(3,512)	-
Total expenses	(4,243,126)	(4,800,759)
Profit before income tax expense	-	-
Income tax expense	-	-
Profit for the year	-	-

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

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$	\$
Total equity at the beginning of the year	-	-
Net income recognised directly in equity	-	-
Profit for the year	-	-
Total recognised income and expense for the year	-	-
Total equity at the end of the year	-	-

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

Coonawarra Premium Vineyards Project

Balance Sheet as at 30 June 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents		-	24,958
Trade receivables	4	1,551,992	1,150,000
Other receivables - prepayments	5	1,799,002	1,749,847
TOTAL CURRENT ASSETS		3,350,994	2,924,805
TOTAL ASSETS		3,350,994	2,924,805
Current liabilities			
Trade payables	6	1,465,934	1,088,500
Borrowings	7	86,058	86,458
Other - unearned revenue	8	1,799,002	1,749,847
TOTAL CURRENT LIABILITIES		3,350,994	2,924,805
TOTAL LIABILITIES		3,350,994	2,924,805
NET ASSETS		-	-
EQUITY	10	-	-
TOTAL EQUITY		-	-

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

Coonawarra Premium Vineyards Project

Cash Flow Statement for the year ended 30 June 2006

	2006	2005
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,803,461	5,236,019
Payments to suppliers	(3,828,419)	(5,244,639)
Interest paid to RE	(37,673)	(17,441)
Interest received from customers	37,673	17,441
Net cash used in operating activities	(24,958)	(8,620)
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	(24,958)	(8,620)
Cash and cash equivalents at the beginning of the year	24,958	33,578
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	-	24,958
Reconciliation of cash and cash equivalents		
Cash at bank	-	24,958

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

Coonawarra Premium Vineyards Project

Notes to the Financial Statements for the year ended 30 June 2006

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Project comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 19 September 2006.

Basis of preparation of financial report

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which 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 Project changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 2.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005, and in the preparation of the opening A-IFRS balance sheet at 1 July 2005 (as disclosed in note 2), the Project's date of transition.

Significant Accounting Policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed below); the Project's date of transition.

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.

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.

Biological Assets - 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 and bulk wine are income of the Growers and does not form part of the Project for the purpose of these financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from grant of use fees is recognised on a straight line accruals basis over the term of the licence. Management fee revenue and grape harvesting, processing and storage revenue are recognised on an accruals basis. Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

Cash and cash equivalents

Cash includes cash on hand and in banks and investments in money market instruments.

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

1. Summary of Accounting Policies (continued)

Financial assets

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The only financial assets held by the company are loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Impairment of assets

At each reporting date, the RE reviews the carrying amounts of the Project's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Terminated Units

During the 2004, 2005 and 2006 financial years, a number of growers in the Project had their grants of use of the vineyard lots terminated due to persistent unremedied breaches of the management conditions of the Project: (basically default in payment of fees).

These terminated lots are no longer part of the Project and are excluded from revenue and expenses of the Project in these financial statements. Receivables owed by terminated former Growers are owed direct to the Trust and are not included in these financial statements.

During the year 3 additional licensees (2005: 26) defaulted on their licence fee payments and their grants of use were terminated by the RE of the Project. Such termination does not relieve the grower from liability for any breach or non-performance of the grower's obligations arising under the Project's constitution. The licensees remain responsible for any arrears and the RE of the Project will continue with recovery actions to recover the outstanding amounts. 339 lots (2005: 326 lots) out of the 2,800 original lots that comprise the Trust's vineyards are affected by these terminations.

New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG Interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Trust's assessment is that there will be no impact from these new standards and interpretations

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

2. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS)

The Project changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the Project's financial position, financial performance and cash flows is set out in the following paragraphs.

Effect of A-IFRS on balance sheet as at 1 July 2004 and 30 June 2005

There are no material differences between the balance sheet presented under A-IFRS and the balance sheet presented under the superseded policies as at 1 July 2004 and 30 June 2005.

Effect of A-IFRS on the income statement for the financial year ended 30 June 2005

There are no material differences between the income statement presented under A-IFRS and the income statement presented under the superseded policies for the financial year ended 30 June 2005.

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statements presented under A-IFRS and the cash flow statements presented under the superseded policies for the financial year ended 30 June 2005.

	2006	2005
	\$	\$
3. REMUNERATION OF AUDITORS		
Auditing the financial report	11,000	9,800
Reviewing the half-year financial report	4,500	3,000
Auditing the compliance plan	2,500	2,200
Taxation services	3,000	3,500
	<u>21,000</u>	<u>18,500</u>
Auditors' remuneration is borne by the RE.		
4. CURRENT - TRADE RECEIVABLES		
Trade receivables - growers	1,415,162	1,150,000
Trade receivables - related party growers	136,830	-
	<u>1,551,992</u>	<u>1,150,000</u>
5. CURRENT - OTHER		
Prepaid expenses	1,799,002	1,749,847
6. CURRENT - TRADE PAYABLES		
Trade payables: RE (non-interest bearing)	1,465,934	1,088,500
7. CURRENT - BORROWINGS		
Trade payables: RE (interest bearing)	86,058	86,458
8. CURRENT - OTHER PAYABLES		
Unearned revenue	1,799,002	1,749,847

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

	2006	2005
	\$	\$
9. NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		
Profit from ordinary activities after income tax	-	-
<u>Changes in net assets and liabilities:</u>		
Current receivables	(401,992)	452,701
Prepayments	(49,155)	200,735
Current trade payables & borrowings	377,034	(461,321)
Unearned revenue	49,155	(200,735)
Net cash used in operating activities	(24,958)	(8,620)

10. EQUITY

Stapled Securities

The Project is fully subscribed. A total number of 2,800 investor interests were issued.

Each Project interest comprised one Grower Unit stapled to one Unit 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. 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.

Of the 2,800 Grower Units, 339 (2005: 326) have since been terminated due to unremedied breaches of the management conditions of the Project. This does not affect the Units in the Trust, as the Grower Units and Trust Units are now unstapled.

The Trust Units have no value in the Coonawarra Premium Vineyards Project financial statements, and consequently are not disclosed in the Balance Sheet.

The Project does not have any financing facilities.

11. CONTINGENT ASSETS AND LIABILITIES

The Project had no contingent assets or liabilities as at the reporting date (2005 :Nil).

12. SUBSEQUENT EVENTS

Blocks 1 to 6 of the Project were contracted to Nugan Group Pty Ltd (Nugan) at DWAP, but in 2004 Nugan unilaterally repudiated its grape supply contract and refused to take its grapes. Litigation ensued as the RE sought to collect the final payment due for the 2003 crop and compensation for Nugan failing to take the grapes in 2004 and later years. The litigation with Nugan was settled in July 2006. The terms of the settlement are confidential. An initial payment has been received from Nugan and further payments are due to be received in future periods. Appropriate details of these receipts will be advised to investors on a confidential basis.

There has not been any other 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.

13. Segment Information

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

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

14. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Project's RE provides treasury services to the business, 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.

(b) 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.

(c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Project. The Project does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. Growers who default on payment of their Grant of Use fees are liable to have that Grant of Use terminated. In the event of termination, the relevant vineyard lots revert to the Trust. Any arrears of Grant of Use fees are collected from Growers by withholding grape proceeds in the first instance, then by recovery action against the Grower or terminated Grower.

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.

(d) Interest rate risk exposures

	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
2006				
Financial assets	\$	\$	\$	\$
Cash assets	-	-	-	-
Receivables	86,058	-	1,465,934	1,551,992
	86,058	-	1,465,934	1,551,992
Weighted average interest rate	10.70%	n/a		
Financial liabilities				
Trade payables	86,058	-	1,465,934	1,551,992
	86,058	-	1,465,934	1,551,992
Weighted average interest rate	10.70%	n/a		
2005				
Financial assets				
Cash assets	-	24,958	-	24,958
Receivables	86,458	-	1,063,542	1,150,000
	86,458	24,958	1,063,542	1,174,958
Weighted average interest rate	10.70%	6.00%		
Financial liabilities				
Trade payables	86,458	-	1,088,500	1,174,958
	86,458	-	1,088,500	1,174,958
Weighted average interest rate	10.70%	6.00%		

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

15. KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS

(a) Directors

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

Richard Beck (Chairman, non-executive) (from 1 July 2005 to 7 February 2006)

Paul Miller (Compliance Officer, non-executive) (Chairman from 7 February 2006)

Rex Watson (Group Managing Director, executive)

Andrew Parkinson (Company Secretary, Chief Executive Officer) (director from 7 February 2006)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the RE and the Project, directly or indirectly, during the financial year:

Charlie Latham (Company Secretary, Chief Financial Officer) (employed by related party Essential Project Administration Pty Ltd)

All the above persons were also key management personnel during the year ended 30 June 2005.

(c) Key management personnel compensation policy

The board of directors of the RE reviews the remuneration packages of all 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, comparable industry salaries, performance of the Project and the related Managed Investment Scheme Coonawarra Australia Property Trust and other relevant factors. All director and senior executive compensation is paid by the RE, and passed onto the Project through a management fee.

None of the key management personnel of the RE is employed under a contract or entitled to any performance-related bonus or remuneration of any kind whatsoever.

None of the key management personnel of the RE is entitled to be granted any options over shares in the RE or unissued units in the Trust or the Project.

(d) Key management personnel compensation

The aggregate compensation of the key management personnel attributable to the Project is set out below.

Name	Short -term employee benefits			Post-employment benefits		Share Based Payments	Total
	Cash salary & fees	Cash bonus	Non-monetary benefits	Super-annuation	Other		
2006	\$	\$	\$	\$	\$	\$	\$
Rex Watson	15,688	-	3,022	2,364	-	-	21,074
Paul Miller	8,257	-	-	776	-	-	9,033
Richard Beck	-	-	-	5,468	-	-	5,468
Andrew Parkinson	21,896	-	2,049	4,330	-	-	28,275
Charlie Latham	13,895	-	2,115	2,467	-	-	18,477
Total	59,736	-	7,186	15,405	-	-	82,327
2005							
Rex Watson	15,870	-	1,405	1,889	-	-	19,164
Paul Miller	8,257	-	-	743	-	-	9,000
Richard Beck	-	-	-	9,081	-	-	9,081
Andrew Parkinson	17,202	-	1,122	1,548	-	-	19,872
Charlie Latham	12,762	-	1,687	1,301	-	-	15,750
Total	54,091	-	4,214	14,562	-	-	72,867

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2006

15. KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS (continued)

(e) 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.

	<u>Managed Units</u>	<u>Unmanaged Units</u>	<u>Total Project Units</u>	<u>Terminated lots ##</u>
2006				
Total Units at Beginning of Year	2,235	239	2,474	326
Units Issued During Financial Year	-	-	-	-
Units terminated	(13)	-	(13)	13
Total Units At End of Financial Year	2,222	239	2,461	339
Units held by Responsible Entity or associates #	7	239	246	-
2005				
Total Units at Beginning of Year	2,418	239	2,657	143
Units Issued During Financial Year	-	-	-	-
Units terminated	(183)	-	(183)	183
Total Units At End of Financial Year	2,235	239	2,474	326
Units held by Responsible Entity or associates #	7	239	246	-

Units all held by Coonawarra Vineyard Management Services Pty Ltd

Terminated lots are no longer part of the Project.

16. RELATED PARTY DISCLOSURES

(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 Australian Executor Trustees (SA) Ltd is the Custodian.

(b) Transactions with other related parties

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

Aggregate amounts receivable from or payable to other related parties are disclosed in notes 4, 6 and 7 to the financial statements. These amounts and transactions were paid on normal commercial terms and conditions.

Interest revenue of \$37,587 (2005: \$15,824) from other related parties is disclosed in the income statement.

Interest expense of \$37,673 (2005: \$17,441) paid to the RE is disclosed in the income statement.

During the financial year, management fees of \$1,744,059 (2005: \$1,844,687) and interest expense of \$37,673 (2005: \$17,441) were paid to the RE. The amounts were paid on normal commercial terms and conditions in accordance with the Scheme's constitution.

During the financial year grant of use (licence) fees of \$1,824,126 (2005: \$1,869,073) were paid to Coonawarra Australia Property Trust, a related party. The licence fees were paid in accordance with the Scheme's constitution.

Proceeds from sales of grapes and bulk wine are income of the investors and do not form part of the Project (as reported in Note 1).

17. 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:

235 Glen Osmond Road, Frewville, South Australia 5063

Phone: +61 8 8338 3400

Fax: +61 8 8338 3244

email: enquiries@coonawarravineyard.com.au

Coonawarra Premium Vineyards Project

Directors' Declaration

The financial statements and notes thereto of the Coonawarra Premium Vineyards Project for the year ended 30 June 2006 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:

- a) 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; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Project.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001



Andrew Parkinson
Director

Adelaide, 22 September 2006

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COONAWARRA PREMIUM VINEYARDS PROJECT

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the directors' declaration for Coonawarra Premium Vineyards Project ("the Project"), for the financial year ended 30 June 2006 as set out on pages 7 to 17.

The directors of Coonawarra Premium Vineyards Limited ("Responsible Entity") are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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 Project. 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 Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the Project's financial position, and performance as represented by the results of its operations, its changes in equity 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 of the Responsible Entity.

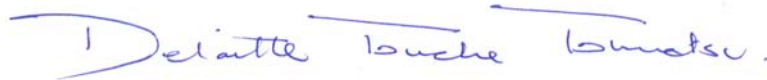
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Audit Opinion

In our opinion, the financial report of Coonawarra Premium Vineyards Project is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Project's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
- (b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants

Adelaide, 22 September 2006

Coonawarra Premium Vineyards Project

Additional Project Information (Unaudited)

2006 Annual Project Report

Project Overview

The Coonawarra Premium Vineyards project consisted of 2,800 units, of which 239 were unmanaged units. Since the beginning of the Project there have been 339 units terminated due to default on payments. The vineyard lots associated with those units are now the responsibility of the Coonawarra Australia Property Trust (Trust) and are no longer part of the Project.

Vintage 2006 has been another particularly hard year financially for the wine industry as covered extensively by the media. The main contributing factor to the low income for the Project this year is the continued softening of District Weighted Average Prices (DWAP), particularly for red grapes. The price per tonne of red varieties decreased on average by 15% on 2005 prices, which were already well below 2004 prices. Nugan declining to take the red grapes from blocks 2 to 6 also had a significant negative effect on grape proceeds.

Good weather conditions and careful management produced high crop levels and good quality for our white grapes. These were all sold in accordance with their contracts. However the weather deteriorated markedly in April slowing down the ripening of the red grapes. Maturity levels virtually stopped rising in the few weeks before harvest making for a very difficult season for the red grapes.

The total crop harvested for the Managed Grower pool during 2006 was 1,496 tonnes: 956 tonnes were sold as grapes resulting in income from wineries of \$790,644. The remaining 539 tonnes of grapes were processed at Russet Ridge Winery near the Coonawarra district [109 tonnes] and DiGiorgio Winery in Coonawarra itself [430 tonnes]. The resulting bulk wine will be placed with agents to be sold on the bulk wine market at the appropriate time. Net proceeds from the sale of this bulk wine will be passed on to growers in due course.

The total crop harvested for the unmanaged units during 2006 was 180.91 Tonnes. 101 tonnes were sold as grapes resulting in income from wineries of \$97,863. The remaining tonnes were processed into bulk wine at Russet Ridge Winery. The slight variation between the yields and values between the managed units, unmanaged units and terminated lots is caused by the actual mix of varieties of the vines and non uniform yields.

PROJECT SUMMARY

Size of Vineyard:	243 Hectares / 600 Acres
Planted Area of Vineyard:	226.8 Hectares / 560 Acres
Total 2006 Grape Harvest (Tonnes):	1,496.03 (Managed Growers Pool) 180.91 (unmanaged units)
Total 2006 Project Grape Revenue:	\$ 790,644 (Managed Growers Pool) \$ 97,863 (unmanaged units)
Bonus / Penalty Component of Grape Revenue:	\$ 25,528 (Managed Growers Pool) \$ 9,823 (unmanaged units)
Total Project Bulk Wine Produced:	Litres 401,670 (Managed Growers Pool) Litres 58,179 (unmanaged units)
Total Units:	2,222 (Managed Growers) 239 (unmanaged units) 339 (terminated lots) 2,800 (Total Vineyard)
Total Number of Growers:	607 Managed Growers

Coonawarra Grape Prices

According to the Phylloxera & Grape Industry Board of South Australia pricing survey, the Coonawarra region's DWAP were again down on the previous year's prices on all varieties the project has planted except Sauvignon Blanc, which increased by 4%. The red varieties were reduced between 6% and 28% and chardonnay reduced by 29%. The below table depicts the decline in grape prices over the last four years, with the percentage movement between 2003 and 2006 shown on the right. Despite these reductions in average prices, Coonawarra Premium Vineyards Project remains a premium quality vineyard still producing premium quality grapes.

District Weighted Average Price in \$ per tonne					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>% change</u> <u>2003-2006</u>
Chardonnay	1,449	1,447	1,190	850	(41%)
Sauvignon Blanc	1,350	1,288	1,338	1,396	3%
Petit Verdot	1,529	1,280	1,181	1,042	(32%)
Merlot	1,824	952	907	652	(64%)
Shiraz	1,858	890	824	771	(59%)
Cabernet Sauvignon	1,891	1,146	1,036	911	(52%)

Nugan Update

Blocks 1 to 6 of the Project were contracted to Nugan at DWAP until 2012, but Nugan refused to pay the final instalment for the 2003 grapes. In 2004 Nugan unilaterally repudiated its grape supply contract and refused to take its grapes. Litigation ensued as Coonawarra Premium Vineyard Limited sought to collect the final payment due for the 2003 crop and compensation for Nugan failing to take the grapes in 2004 and later years.

The litigation with Nugan was settled in July 2006. A payment has been received from Nugan and further payments are due to be received in future periods. The terms of the settlement are confidential, and details of the receipts can only be advised to investors on a confidential basis, as they are commercially sensitive. The fruit from Block 1 has been contracted to Watson Wine Group at substantially the same terms as the original Nugan contract. Blocks 2 to 6 are uncontracted.

Coonawarra Premium Vineyards Project

Additional Project Information (Unaudited)

2006 Annual Project Report (continued)

2006 Harvest Summary

	<u>Tonnes per Prospectus *</u>	<u>Tonnes harvested</u>	<u>Tonnes sold</u>	<u>Price per Prospectus</u>	<u>Actual price</u>	<u>Proceeds per Prospectus</u>	<u>Actual gross proceeds</u>	<u>Bulk Wine Produced</u>
	T	T	T	\$/T	\$/T	\$	\$	Ltr
Chardonnay	89.6	120.6	120.6	1,621	850	145,237	102,496	-
Sauvignon Blanc	80.4	77.4	77.4	1,271	1,385	102,171	107,173	-
Petit Verdot	141.6	94.7	94.7	1,868	1,042	264,493	98,669	-
Merlot	322.3	204.1	204.1	2,122	475	683,791	96,945	-
Shiraz	568.9	423.8	214.1	1,857	771	1,056,227	165,084	161,789
Cabernet Sauvignon	993.9	575.4	245.6	2,498	897	2,483,101	220,276	243,198
	2,196.6	1,496.0	956.6	2,156	827	4,735,020	790,644	404,987

*The above tonnes sold and proceeds include only the lots in the managed grower pool and the tonnes per prospectus have been adjusted to also reflect the managed grower pool lots.

The actual price differs from the DWAP slightly because (a) the sales to Beelgara Estate were priced at \$1,350/tonne for white grapes and \$750/tonne for red; and (b) 120 tonnes of Merlot from the Nugan blocks were sold on the spot market at \$300/tonne to Casella. However sales under contract to Grant Burge Wines, Watson Wine Group and Casella Wines were at District Weighted Average Prices (DWAP).

Project Terms

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. 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. At the Project Growers meeting on 13 April 2006 neither of the resolutions was passed by the Growers and the Project was not terminated.

Proceeds

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

Grape and bulk wine sales for the financial year are (managed grower pool):	2006	2005
	\$	\$
Sale of grapes for the year (1)	790,644	1,642,861
Sale of bulk wine for the year (2)	69,282	150,535
Gross Proceeds for the year (3)	859,926	1,793,395

Notes re proceeds:

(1) A total of \$592,354 had been invoiced to wineries to the reporting date for sales of grapes, based on 2005 grape prices, of which two thirds was payable at that time. \$396,077 was received by 30 June 2006. If applicable the invoices have been adjusted to 2006 DWA prices with baume bonuses applied and the final payments from the wineries are due by 30 September 2006.

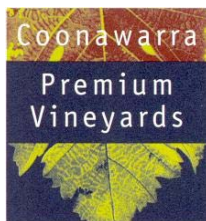
(2) All wine sold was from 2004 vintage and sold to Watson Wine Group Pty Ltd (WWG), including \$21,516 for WWG's own use. The balance of \$47,766 was on-sold by WWG to third parties at cost. All sales to WWG are negotiated by the independent directors of the RE, with WWG and/or Rex Watson taking no part in the decision making process in order to avoid any conflict of interest

(3) Harvesting, processing, storage, transport and any other applicable recoverable costs will be deducted from the gross proceeds prior to the distribution.

Inventories

Bulk Wine Inventories on hand at 30 June 2006 (managed grower pool).		<u>Vintage</u>	<u>Litres</u>	<u>Est. \$</u>
	Merlot	2004	46,115	28,128
	Shiraz	2004	229,583	137,750
Values shown are an estimate based on the current market value of wines and prices achieved for other sales.	Cabernet Sauvignon	2004	2,234	1,340
	Cabernet Shiraz Merlot	2004	4,680	2,808
	Cabernet Merlot	2004	9,653	9,611
	Merlot	2005	16,090	15,753
	Shiraz	2005	4,320	4,494
	Cabernet Sauvignon	2006	243,198	224,961
	Shiraz	2006	161,789	144,742
			<u>717,662</u>	<u>569,587</u>

Coonawarra Premium Vineyards Project



Notice of General Meeting

Notice is hereby given by Coonawarra Premium Vineyards Limited ABN 58 086 944 265 (CPVL), responsible entity of the Coonawarra Premium Vineyards Project ARSN 087 876 186 (Project), that a general meeting of the Project will be held at 235 Glen Osmond Road, Frewville, South Australia 5063, on Tuesday 28 November 2006 commencing at 10:45 am.

BUSINESS

1. To consider reports.

The annual financial report, directors' report and independent auditor's report for the year ended 30 June 2006 will be presented for consideration.

2. To appoint Grant Thornton as auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution

"That for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton, having been nominated and consented, be appointed as auditor of the Project and the directors of the RE be authorised to set their remuneration."

A handwritten signature in black ink, appearing to read 'C. Latham'.

Charlie Latham
Company Secretary
Coonawarra Premium Vineyards Limited

Adelaide, 31 October 2006

EXPLANATORY NOTES

1. To consider reports

Unless the RE has been notified otherwise, each unitholder will have received an annual report, which contains the reports to be considered

Following consideration of the reports, the chairman will give unitholders a reasonable opportunity to ask questions about the reports. The chairman will also give unitholders a reasonable opportunity to ask the auditor questions relevant to the conduct of the audit; the preparation and content of the independent audit report; the accounting policies adopted by the Trust in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit.

2. To appoint Grant Thornton as auditor

Deloitte Touche Tohmatsu has been the auditor of the RE and the Project since their registration. Audit costs had been rising rapidly in recent years and the directors of the RE considered that the market price should be tested. Three auditors, including the incumbent Deloitte Touche Tohmatsu, were invited to present a proposal to provide audit services and all did so.

From these three firms, Grant Thornton was selected as being the most appropriate.

The appointment will take effect from the later of the end of this meeting or the date on which the ASIC gives its consent to the resignation of the previous auditor. Deloitte Touche Tohmatsu has lodged with the ASIC an application to resign as auditor.

A form of proxy accompanies this notice of meeting. Detailed notes regarding proxies are included on the reverse of that proxy form. Forms of proxy must be lodged at the registered office at least 48 hours before the meeting.

Coonawarra Premium Vineyards Project

Proxy Form

I / We

(Name in Block Letters)

Of

_____- Postcode _____

(Address in Block Letters)

Being a Unitholder of Coonawarra Premium vineyards Project (Project)

hereby appoint(s)

(Name in Block Letters)

_____- Postcode _____

(Address in Block Letters)

or failing him/her, the Chair of the Meeting, as my/our proxy to attend, vote and otherwise act on my/our behalf at the general meeting of the Project to be held at 235 Glen Osmond Road, Frewville, South Australia 5063, on Tuesday 28 November 2006 commencing at 10:45 am. and at any adjournment of that meeting.

If I/we have appointed two proxies, this proxy shall represent ____% of my/our voting rights or _____ (number) of my/our Project Units.

ORDINARY RESOLUTION (refer to Notice of Meeting):

My/our proxy is instructed to vote as indicated below in respect of the resolution arising out of the business in the Notice of Meeting. If I/we have not specifically directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as the proxy thinks fit.

	FOR	AGAINST	ABSTAIN	* NO DIRECTION
1 To appoint Grant Thornton as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote in favour of the resolution with any undirected proxies he holds.

* If you **do not** wish to direct your proxy how to vote, please place a mark in the box marked "no direction". By marking this box you acknowledge that the Chairman, if appointed as your proxy, may exercise your proxy, even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxyholder will be disregarded because of that interest.

Signature(s) of member(s) _____

(Refer to note 7 overleaf)

Dated

PRIVACY

The Project advises that Chapter 2C of the Corporations Act 2001 requires information about securityholders (including name, address and details of the securities held) to be included in the public register of the entity in which the securities are held. This information must continue to be included in the public register if the securityholder ceases to be a securityholder. These statutory obligations are not altered by the Privacy Amendment (Private Sector) Act 2000. Information is collected to administer the security holdings and if some of the information is not collected it might not be possible to administer the security holding. The Project's privacy policy is available on its website (www.coonawarravineyard.com.au)

SEE OVERLEAF FOR NOTES ON PROXIES

Coonawarra Premium Vineyards Project

NOTES ON PROXIES

- 1 A member who is entitled to attend and cast a vote at a meeting of members of the Project may appoint a person as the member's proxy to attend and vote for the member at the meeting.
- 2 The appointment may specify the proportion or number of votes that the proxy may exercise.
- 3 If the member is entitled to cast 2 or more votes at the meeting, the member may appoint 2 proxies. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- 4 Any fractions of votes resulting from the application of notes 2 or 3 above will be disregarded.
- 5 A proxy need not be a member of the Project.
- 6 A proxy appointed to attend and vote for a member has the same rights as the member to speak at the meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll.
- 7 The appointment of a proxy must be signed by the member or his attorney duly authorized in writing. If the appointer is a corporation, the appointment must be signed by its duly authorized attorney, or in accordance with the corporation's constitution and the Corporations Act 2001.
- 8 A corporate shareholder wishing to appoint a natural person to act as its representative at the meeting can do so in accordance with the Corporations Act 2001. The representative must bring evidence of his or her appointment as a representative to the meeting.
- 9 To be valid, the instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or executed (or a copy certified by a notary), must be lodged at the registered office of the Project, (being 235 Glen Osmond Road, Frewville, South Australia 5063), not less than 48 hours before the time appointed for the meeting or any adjournment thereof. The lodgment referred to in this paragraph can also be achieved by faxing the document(s) to the attention of the "Secretary" on (+61) 8 8338 3244 or mailing to PO Box 6243, Halifax St, Adelaide, South Australia 5000.
- 10 If this proxy form is signed by the member(s) but otherwise left blank, it shall be deemed to be a valid appointment of the Chair of the meeting as the member's proxy.
- 11 A proxy other than the Chair need not vote on a poll or a show of hands, but if the proxy does vote he/she must vote the way the appointment specifies. A proxy who is the Chair must vote on a poll.
- 12 If a member desires to direct the proxy how to vote on a particular resolution, the member should place an "X" in the appropriate box, otherwise the proxy may vote or abstain as he or she deems fit.
- 13 The Project will make further copies of this form available to members on request.

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