



Coonawarra Premium Vineyards Project 2008 Annual Report

ARSN 087 876 186



Coonawarra Premium Vineyards Project

Annual Report for the year ended 30 June 2008

<u>Contents</u>	<u>Page Number</u>
Corporate Information.....	2
Directors' Report.....	3
Auditor's Independence Declaration	6
Income Statement	7
Balance Sheet.....	8
Statement of Changes in Equity	9
Cash Flow Statement	9
Directors' Declaration	17
Independent Audit Report.....	18
Additional Project Information (Unaudited).....	20

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

Coonawarra Premium Vineyards Project

Directors' Report

The directors of Coonawarra Premium Vineyards Limited ABN 58 086 944 265 (CPVL), 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 2008. 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 Miller	B Ag Sci. Aged 50. 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. Joint Responsible Officer for CPVL's AFS licence.
Mr. Rex Watson	Group Managing Director. Aged 53. 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 Parkinson	B Comm. LLB, Aged 54, 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.

The above named directors held office during and since the end of the year.

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 54. Chartered Accountant with over 30 years professional accounting experience. Joined the RE in October 2003 and appointed secretary 10 December 2004. Over thirteen years experience as company secretary and CFO of a number of ASX-listed investment and manufacturing companies. Joint Responsible Officer for CPVL's AFS licence.

On the August 5 2008 Mr Charlie Latham resigned as company secretary of Coonawarra Premium Vineyard Limited, the responsible entity for the Coonawarra Premium Vineyard Project.

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.

On the 30 June 2008 a further 17 licensee representing 77 lots (2007: 1 representing 3 lots) 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. 419 lots (2007: 342 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.

	2008	2007
	\$	\$
Management fees	1,818,364	1,796,794
Grant of use (licence) fees	1,928,329	1,874,239
Grape harvest, processing & storage fees	383,083	160,780
Legal costs recovered & other income	11,350	38,137
Interest revenue	36,387	73,302
Expenses	(4,177,513)	(3,943,252)
Profit for the year	-	-

The Project vineyards continue to mature and produced a full crop in 2008, their seventh year of production. The Project vineyard comprises 12 separately identified blocks. All grapes from blocks 8 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.

Block 8 was contracted to Grant Burge Wines Pty Ltd. Grant Burge Wines defaulted on its contract in 2006. Prior to the 2007 harvest the contract was assigned to director-related entity Watson Wine Group Pty Ltd (WWG). Blocks 1 and 8 are now contracted by WWG at terms equivalent to those that would have applied to Nugan under the original contract, including DWAP. Block 7 was contracted to Beelgara Wines. Beelgara Wines refused to take its grapes from block 7 in 2007 and thus defaulted on its contract.

All uncontracted grapes in the 2008 vintage (being blocks 2 to 7) were offered for sale by tender. CPVL received a sound response to the tender, with Fox Creek, Boars Rock, de Bortoli and WWG being successful with their bids and only 74.3 tonnes were unsold. The unsold red grapes were processed into bulk wine at Roeland Winery in the Barossa.

All sales to WWG are negotiated for the Project by the independent members of the RE's compliance committee, with WWG executives (including Rex Watson and Andrew Parkinson) taking no part in the RE's decision making process in order to avoid any conflict of interest. WWG also bought some project bulk wine for bottling and sale.

Changes in State Of Affairs

There were no significant changes 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.

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 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 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>Meetings of:</u> Name	<u>Board</u>		<u>Audit Committee</u>		<u>Compliance Committee</u>	
	<u>Meetings eligible to attend</u>	<u>Attended</u>	<u>Meetings eligible to attend</u>	<u>Attended</u>	<u>Meetings eligible to attend</u>	<u>Attended</u>
Paul Miller	12	12	5	5	12	12
Rex Watson	12	10	5	2	12	7
Andrew Parkinson	12	11	5	4	12	10
Prof. Michael Burgess	-	-	5	4	12	12
	<u>12</u>		<u>5</u>		<u>12</u>	

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	2,219	239	2,458	342
Units Issued During Financial Year	-	-	-	-
Units terminated	(77)	-	-	77
Total Units At End of Financial Year	<u>2,142</u>	<u>239</u>	<u>2,458</u>	<u>419</u>
Unit held by Responsible Entity or associates	22	239	261	

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 2008 totalled \$4,177,513 (2007: \$3,943,252), 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 *	261
Andrew Parkinson	-

* 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 s298 (2) of the Corporations Act 2001.

Director



Adelaide, 29 September 2008



Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF COONAWARRA PREMIUM VINEYARDS LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Coonawarra Premium Vineyards Project for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 29th day of September 2008

Coonawarra Premium Vineyards Project

Income Statement for the year ended 30 June 2008

	Notes	2008	2007
		\$	\$
Revenue			
Management fees		1,818,364	1,796,794
Grant of use fees		1,928,329	1,874,239
Grape harvesting, frost protection, processing & storage fees		383,083	160,780
Interest revenue: growers		36,387	73,216
Interest revenue: other		-	86
Total revenue		4,166,163	3,905,115
Other income			
Legal fees recovered		10,246	11,359
Other income		1,104	26,778
Total other income		11,350	38,137
Total		4,177,513	4,243,126
Management fee expenses	14	(1,818,364)	(1,797,217)
Grant of use fee expenses	14	(1,928,329)	(1,874,239)
Grape harvesting, processing & storage expenses		(382,788)	(160,780)
Legal expenses		(10,541)	(11,359)
Finance costs	14	(36,387)	(73,302)
Other expenses		(1,104)	(26,355)
Total expenses		(4,177,513)	3,943,252
Profit before income tax expense		-	-
Income tax expense		-	-
Profit for the year		-	-

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

Coonawarra Premium Vineyards Project

Balance Sheet as at 30 June 2008

	Notes	2008 \$	2007 \$
Current assets			
Cash and cash equivalents		-	-
Trade receivables	3	1,428,441	2,063,847
Other current assets	4	1,848,816	1,818,364
TOTAL CURRENT ASSETS		3,277,257	3,882,211
TOTAL ASSETS		3,277,257	3,882,211
Current liabilities			
Trade payables	5	1,428,441	2,063,847
Other - unearned revenue	6	1,848,816	1,818,364
TOTAL CURRENT LIABILITIES		3,277,257	3,882,211
TOTAL LIABILITIES		3,277,257	3,882,211
NET ASSETS		-	-
EQUITY		-	-
TOTAL EQUITY		-	-

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

Coonawarra Premium Vineyards Project

Statement of Changes in Equity for the year ended 30 June 2008

	Issued Capital	Retained Earnings
	\$	\$
Balance 1 July 2006	-	-
Profit for the year	-	-
Balance 30 June 2007	-	-
Profit for the year	-	-
Balance 30 June 2008	-	-

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

Cash Flow Statement for the year ended 30 June 2008

	Notes	2008	2007
		\$	\$
Cash flows from operating activities			
Receipts from Grow ers		4,776,532	3,358,095
Payments to suppliers		(4,776,532)	(3,358,095)
Interest paid to RE		(36,387)	(73,302)
Interest received from Grow ers		36,387	73,302
Net cash used in operating activities	7	-	-
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		-	-
Cash and cash equivalents at the beginning of the year		-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		-	-
Reconciliation of cash and cash equivalents			
Cash at bank		-	-

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 2008

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

This financial report includes the separate financial statements and notes of Coonawarra Premium vineyards Project.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant Accounting Policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information presented in these financial statements.

Goods and Services Tax (GST)

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 after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Recognition and Initial Measurement

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

De-recognition

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

Loans and receivables

The only financial assets held by the company are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Impairment of assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

Terminated Units

During the 2004, 2005, 2006, 2007 and 2008 financial years, a number of growers in the Project had their grants of use of the vineyard lots terminated due to persistent un-remedied breaches of the management conditions of the Project: (basically default in payment of fees). Eleven further licensee (representing 77 lots) were terminated during the current financial year.

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 eleven further licensee representing 77 lots (2007: 1 representing 3 lots) 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. 419 lots (2007: 342 lots) out of the 2,800 original lots that comprise the Trust's vineyards are affected by these terminations.

Comparative Figures

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

New Accounting Standards and Interpretations

Certain new accounting standards and Interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The RE'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 2008

2. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	Notes	2008	2007
(i) Remuneration of the auditor of the responsible entity for:		\$	\$
Auditing and reviewing the financial report		5,000	8,000
Auditing the compliance plan		2,500	2,500
		<u>7,500</u>	<u>10,500</u>

Auditors' remuneration is borne by the RE.

3. CURRENT TRADE RECEIVABLES

Trade receivables - growers		1,364,779	1,927,017
Trade receivables - related party growers		63,662	136,830
		<u>1,428,441</u>	<u>2,063,847</u>

(a) Past due but not impaired

As of 30 June 2008, trade receivables of \$1,428,441 were past due but not impaired. These relate to management fee's and licence fee's outstanding from growers of the Coonawarra Premium Vineyard Project. Management and Licence fee's outstanding at the 30 November 2008, will be withheld to the amount of the net distribution payment in November, this provides additional support regarding the collection of these receivables.

Up to 3 months		1,344,859	1,433,108
3 to 6 months		83,582	630,739
		<u>1,428,441</u>	<u>2,063,847</u>

4. OTHER ASSETS

Prepayments		1,848,816	1,818,364
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5. CURRENT TRADE PAYABLES

Trade payables: Responsible Entity		1,428,441	2,063,847
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6. CURRENT LIABILITIES - OTHER

Unearned revenue		1,848,816	1,818,364
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7. CASH FLOW INFORMATION

Reconciliation of cashflow from operations with Profit after income tax

Profit after income tax		-	-
<u>Changes in net assets and liabilities:</u>			
Current receivables		635,406	(511,855)
Prepayments		(30,452)	(19,362)
Current trade payables & borrowings		(635,406)	511,856
Unearned revenue		30,452	19,361
Net cash used in operating activities		<u>-</u>	<u>-</u>

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2008

8. 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 Unit holder's Interest were always acquired together. Each Grower Interest was to be held at all times by a Unit holder, or an associate of the Unit holder, in the Coonawarra Premium Vineyards Unit Trust.

At an extraordinary general meeting held on 12th December 2002, the Growers and Unit holders 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, 419 (2007: 342) have since been terminated due to un-remedied 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.

9. CONTINGENT ASSETS AND LIABILITIES

The Project had no contingent assets or liabilities as at the reporting date (2007: Nil).

10. 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.

11. SEGMENT INFORMATION

The Project operates solely in 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 2008

12. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

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

(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
2008				
Financial assets	\$	\$	\$	\$
Cash assets	-	-	-	-
Receivables	-	-	1,428,441	1,428,441
	-	-	1,428,441	1,428,441
Financial liabilities				
Trade payables	-	-	1,428,441	1,428,441
	-	-	1,428,441	1,428,441
2007				
Financial assets				
Cash assets	-	-	-	-
Receivables	-	-	2,063,827	2,063,827
	-	-	2,063,827	2,063,827
Financial liabilities				
Trade payables	-	-	2,063,827	2,063,827
	-	-	2,063,827	2,063,827

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2008

13. 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:

Paul Miller (Chairman, Compliance Officer, non-executive)
Rex Watson (Group Managing Director, executive)
Andrew Parkinson (Chief Executive Officer, Company Secretary)

(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 2007.

(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.

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.

Name	Short -term employee benefits			Post-employment benefits		Share based payments	Total
	Cash salary & fees	Cash bonus	Non-monetary benefits	Super-annuation	Other		
2008	\$	\$	\$	\$	\$	\$	\$
Rex Watson	20,708	-	2,159	2,728	-	-	25,595
Paul Miller	8,257	-	-	743	-	-	9,000
Andrew Parkinson	1,400	-	82	226	-	-	1,708
Charlie Latham	5,386	-	755	1,780	-	-	7,920
Total	35,751	-	2,995	5,476	-	-	44,222

2007

Rex Watson	8,520	-	2,025	1,020	-	-	11,565
Paul Miller	8,257	-	-	743	-	-	9,000
Andrew Parkinson	12,789	-	1,747	2,027	-	-	16,563
Charlie Latham	12,262	-	2,015	2,937	-	-	17,214
Total	41,828	-	5,787	6,727	-	-	54,342

Coonawarra Premium Vineyards Project

Notes to the Financial Statements (continued) for the year ended 30 June 2008

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

(d) Equity holdings

The numbers of units in the Project held during the financial year by each key management person 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
	<u>number</u>	<u>number</u>	<u>number</u>
Rex Watson (#)	246	-	246
Paul Miller	-	-	-
Andrew Parkinson	-	-	-
Charlie Latham	-	-	-
	<u>246</u>	<u>-</u>	<u>246</u>

Units all held by Coonawarra Vineyard Management Services Pty Ltd.

14. 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). 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 3, 5 and 6 to the financial statements. These amounts and transactions were paid on normal commercial terms and conditions.

Interest revenue of \$36,387 (2007: \$73,216) from other related parties is disclosed in the income statement.

During the financial year, management fees of \$1,818,364 (including GST) (2007: \$1,797,217) and interest expense of \$36,387 (2007: \$73,302) 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 \$1,928,329 (2007: \$1,874,239) 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).

15. 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 2008 have been prepared by Coonawarra Premium Vineyards Limited (Responsible Entity) in accordance with the Corporations Act 2001.

The directors of the RE 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 of the RE made pursuant to s.295(5) of the Corporations Act 2001

Director



Adelaide, 29 September 2008



Grant Thornton

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Partnership**
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COONAWARRA PREMIUM VINEYARDS LTD

We have audited the accompanying financial report comprising the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity, cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes to the financial statements, and the directors' declaration for Coonawarra Premium Vineyards Project.

The Directors' responsibility for the financial report

The directors of the responsible entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors' also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COONAWARRA PREMIUM VINEYARDS Cont

Auditor's responsibility Cont

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Coonawarra Premium Vineyards Project is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Scheme's financial position as at 30 June 2008 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 the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 29th day of September 2008

Coonawarra Premium Vineyards Project

Additional Project Information (Unaudited)

2008 Annual Project Report

Project Overview

The Coonawarra Premium Vineyards Project originally consisted of 2,800 units, of which 239 were unmanaged units. Since the beginning of the Project there have been 419 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. 77 units were terminated on 30 June 2008, so form part of the managed growers pool for 2008.

Of the 1,334.8 tonnes of grapes harvested during the 2008 vintage only 74.3 tonnes were not sold. The 74.3 tonnes of unsold red grapes were processed into bulk wine at Roeland Winery in the Barossa. As in prior vintages Casella purchased all grapes from its contracted blocks at District Weighted Average Prices (DWAP). Due to Grant Burge Wines Pty Ltd defaulting on their contract in 2006 the contract was assigned to Watson Wine Group (WWG) at DWAP. The effect of the assignment is that WWG will stand in the place of Grant Burge Wines and purchase the grapes at DWAP.

The grapes from blocks 2 to 6 that were initially contracted to Nugan, and block 7 (originally contracted to Beelgara Estate) were put out to tender for 2008. CPVL received a sound response to the tender, three separate wineries, and WWG being successful with their bids. The tender prices were quite varied. Some were below commercially acceptable rates and these were not accepted. For commercial confidentiality reasons the tender price have not been published in these accounts. All grapes sold to WWG were at DWAP.

The total crop harvested for the Managed Grower Pool during 2008 was 1,335 tonnes: resulting in estimated income from wineries of \$1,601,363. The total crop harvested for the unmanaged units during 2008 was 131 Tonnes, resulting in income from wineries of \$183,397. The slight variation between the yields and values between the managed units and unmanaged units is caused by the actual mix of varieties of the vines and non uniform yields between blocks.

PROJECT SUMMARY

Size of Vineyard (including roads & buildings)
243 Hectares / 600 Acres

Planted Area of Vineyard:
226.8 Hectares / 560 Acres

Total 2008 Grape Harvest (Tonnes):
1,335 tonnes (Managed Growers Pool)
131 tonnes (unmanaged units)

Total 2008 Project Grape Revenue:
\$1,601,363 (Managed Growers Pool)
\$ 183,397 (unmanaged units)

Bonus / Penalty Component of Grape Revenue:
\$101,045.41

Total Project Bulk Wine Produced:
Litres 51,580 (Managed Growers Pool)
Litres 1,380 (unmanaged units)

Total Units:
2,219 (Managed Growers)
239 (unmanaged units)
342 (terminated lots)*
2,800 (Total Vineyard)

*After the 2008 harvest a further 77 lots were terminated.

Coonawarra Grape Prices

At the time of preparing these notes, the Phylloxera & Grape Industry Board of South Australia 2008 pricing survey has been released. The income in this report is based on 2008 District Weighted Average Prices and successful tender bids.

	<u>Tonnes per</u> <u>Prospectus *</u>	<u>Tonnes</u> <u>harvested</u>	<u>Tonnes</u> <u>sold</u>	<u>Price per</u> <u>Prospectus</u>	<u>Actual</u> <u>price</u>	<u>Proceeds</u> <u>per</u> <u>Prospectus</u>	<u>Actual gross</u> <u>proceeds</u>	<u>Bulk Wine</u> <u>Produced</u>
	T	T	T	\$/T	\$/T	\$	\$	Ltr
Chardonnay	89.6	99.3	99.3	2,651	963	237,476	95,603	-
Sauvignon Blanc	80.4	64.9	64.9	1,970	1,387	158,337	90,023	-
Petit Verdot	141.6	75.6	46.4	2,251	1,049	318,684	48,647	19,000
Merlot	322.3	110.5	92.6	1,982	1,099	638,745	101,754	13,926
Shiraz	568.9	530.1	502.9	1,720	1,310	978,401	658,916	18,654
Cabernet Sauvignon	993.9	454.4	454.4	1,348	1,335	1,340,093	606,420	-
	2,196.6	1,334.8	1,260.5	1,672	1,270	3,671,735	1,601,363	51,580

Nugan Update

Blocks 1 to 6 of the Project were originally contracted to Nugan Estate at DWAP until 2012, but Nugan defaulted on its contract with respect to years 2003 and beyond. Litigation ensued as CPVL 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 was settled in July 2006. In addition to the settlement proceeds included in the November 2007 CPV distribution (\$818.88 per unit); further proceeds of \$102.62 per unit is scheduled for payment by 30 September 2008. This was received on the 29 September 2008.

Coonawarra Premium Vineyards Project

Additional Project Information (Unaudited)

2008 Annual Project Report (continued)

2008 Harvest Summary

	<u>Tonnes per</u> <u>Prospectus</u> *	<u>Tonnes</u> <u>harvested</u>	<u>Tonnes</u> <u>sold</u>	<u>Price per</u> <u>Prospectus</u>	<u>Actual</u> <u>price</u>	<u>Proceeds</u> <u>per</u> <u>Prospectus</u>	<u>Actual</u> <u>gross</u> <u>proceeds</u>	<u>Bulk Wine</u> <u>Produced</u>
	T	T	T	\$/T	\$/T	\$	\$	Ltr
Chardonnay	89.6	99.3	99.3	2,651	963	237,476	95,603	-
Sauvignon Blanc	80.4	64.9	64.9	1,970	1,387	158,337	90,023	-
Petit Verdot	141.6	75.6	46.4	2,251	1,049	318,684	48,647	19,000
Merlot	322.3	110.5	92.6	1,982	1,099	638,745	101,754	13,926
Shiraz	568.9	530.1	502.9	1,720	1,310	978,401	658,916	18,654
Cabernet Sauvignon	993.9	454.4	454.4	1,348	1,335	1,340,093	606,420	-
	<u>2,196.6</u>	<u>1,334.8</u>	<u>1,260.5</u>	<u>1,672</u>	<u>1,270</u>	<u>3,671,735</u>	<u>1,601,363</u>	<u>51,580</u>

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

The actual prices differ from 2008 DWAP slightly because grapes from blocks 2 to 6 that were initially contracted to Nugan were put out to tender for 2008 as were grapes from block 7 (originally contracted to Beelgara Estate). Tender prices achieved differed to varying degrees from the eventual 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 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.

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 Executor 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):

	2008	2007
	\$	\$
Sale of grapes for the year (1)	1,601,363	1,897,699
Sale of bulk wine for the year (2)	299,481	136,712
Gross Proceeds for the year (3)	1,900,844	2,034,411

Notes re proceeds:

(1) A total of \$1,522,500 had been invoiced to wineries to the reporting date for sales of grapes, based on 2007 grape prices or tender prices whichever was applicable, of which two thirds was payable by 30 June 2008. \$972,975 was actually received by 30 June 2008. If applicable the invoices were adjusted to 2008 DWAP in September 2008 with Baume bonuses applied. Collection plans have been arranged to ensure timely collection of all outstanding proceeds.

(2) All wine sales are made through WWG. Proceeds for all wine on-sold by WWG to third parties are passed back to the Growers in full. All sales to WWG for its own use 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

			Litres	\$
Bulk wine inventories on hand at 30 June 2008	Shiraz	2005	918	1,007
(managed grower pool)	Cabernet Sauvignon	2006	148,033	140,404
	Shiraz	2006	118,716	105,929
Values shown are an estimate based on the market value	Merlot	2008	13,926	20,889
of wines at the time of vintage and prices achieved for the	Shiraz	2008	18,654	42,435
other sales.	Petit Verdot	2008	19,000	41,568
			<u>319,247</u>	<u>352,232</u>

Coonawarra Premium Vineyards Project

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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