COONAWARRA PREMIUM VINEYARDS PROJECT No.2 - STAGE 2

A.R.S.N. 087 876 186
AFS Licence No: 226243

INFORMATION ON COMPLETING YOUR TAX RETURN

FINANCIAL YEAR ENDING 30 JUNE 2006

Completing your income tax return may be complicated for many Growers, especially as your investment in the Coonawarra Premium Vineyards Project No.2 means that your are operating a business and you must complete the appropriate business schedules in the tax return

If you require assistance in completing your tax return, please contact your registered tax agent or alternatively contact the Australian Taxation Office. The ATO website www.ato.gov.au provides guidance and information that may assist you.

The Project returned income to all investors this year, and this must be included as assessable income in your income tax return. Growers may also be able to claim deductions for expenses incurred.

For individual growers, Income and Deductions should be included on the Supplementary Section to your Income Tax Return, and specifically in the Business and Professional Items section of the Return.

INCOME

Cash taxpayers (including Simplified Tax System taxpayers) and Non-Cash Accrual taxpayers should include as income for the year ending 30 June 2006 the amounts set out in the table below.

Assessable Income	Accruals taxpayers $ per unit	Cash taxpayers $ per unit
Sales 2006 grapes	0.00	0.00
Grape sales 2005 receipts	0.00	199.35
Bulk wine sales (net of GST)	487.60	487.60
Termination payment (net of GST)	311.80	311.80
Total assessable income	**799.40**	**998.76**
Closing debtors		0.00

Trading Stock	All taxpayers $ per unit
Opening stock as advised to investors	480.84
Decrease in trading stock in year	(480.84)
Closing trading stock	**0.00**

EXPENSES

Deductions for expenditure incurred in respect of the Project are outlined on the reverse side of these notes.
Further deductions may be available for interest on any loans that you have taken out to finance your investment.
In addition, see the trading stock section below where the movement in stock results in a deduction of $480.84.

BUSINESS ACTIVITY STATEMENT

Growers who have registered for GST will need to include the expenses to the Project on their Business Activity Statement in the quarter that it relates. The amount to include will depend on whether you are cash or non-cash registered. If you are registered on a cash basis then you need to include expense actually paid in the relevant quarter. Growers will need to keep their own records of payments made, as a fee may be charged to provide this information. If you are registered on a non-cash/accruals basis then you need to include expenses in the quarter the invoice is dated.

Note that there is no GST on grape sales but there may be GST on bulk wine sales and the termination paymen

TRADING STOCK

At the general meeting of the Project held on the 31st January 2006, the growers voted to wind up the Project so that all the assets and liabilities of the Project vested in the company and to wind up the Project itself. The outcome has resulted in all wine being sold, leaving growers with no stock on hand. The disposal of the trading stock will constitute a disposal outside the ordinary course of the business and is deemed to be disposed of at market value. As the sale of the bulk wine to CPV Wines occurred at market value there should be no further tax consequences for the grower.

TERMINATION PAYMENT

Each grower effectively received a payment from CPV Wines for the termination of their grower's rights. Generally this payment is capital in nature, but each individual grower should seek advice from their tax advisor to confirm this.

COONAWARRA PREMIUM VINEYARDS PROJECT NO.2
ANNUAL INVESTOR TAXATION SUMMARY
FINANCIAL YEAR ENDING 30 JUNE 2006

A.R.S.N. 096 298 074

Taxation Deductions are in accordance with Australian Taxation Office Product Ruling PR 2001/30.

Deductions on this summary should be mutliplied by the number of units held by each investor.

Total Investment (Per Managed Unit)	**2001/ 2002**	**2002/ 2003**	**2003/ 2004**	**2004/ 2005**	**2005/ 2006**	**Tax Deduction 2005/2006**
					$	$
Shares in CPV Land Holdings Limited	$ 1,357					-
Landcare Operations	$ 17					-
Trellising	$ 461	$ 461				(a)
Other Infrastructure	$ 24	$ 24				(a)
Irrigation	$ 662	$ 891				(b)
Power	$ 47	$ 47				$9 (c)
Grapevines & Planting	$ 202	$ 121				$25 (d)
Land Preparation & Design	$ 158					(e)
Management Fees 2001/2002	$ 2,319					-
Management Fees 2002/2003		$ 1,603				
Management Fees 2003/2004			$ 1,184			
Management Fees 2004/2005				$ 953		
Management Fees 2005/2006					567.71	$567.71 (f)
Grant of Use (Licence fee)	$ 150					
Grant of Use (Licence fee) 2002/2003		$ 150				
Grant to Use (Licence fee) 2003/2004			$ 150			
Grant to Use (Licence fee) 2004/2005				$ 161		
Grant to Use (Licence fee) 2005/2006					95.88	$95.88 (f)
Interim Grape Processing Fee			$ 65			
Interim Grape Processing Fee				$ 27		
Recoverable Harvest and Other Costs			$ 74			
Recoverable Harvest and Other Costs				$ 268		
Recoverable Harvest and Other Costs					135.81	$135.81 (f)
	$ 4,023	$ 3,297	$ 1,473	$ 1,408	$ 799	

Explanations of Available Taxation Deductions:

Note: The tax deductions referred to below do not include GST and assume that each grower is registered for GST. In this situation GST can be claimed back from the Australian Taxation Office and is not deductible for Income Tax Purposes. If you are not registered for GST then the amount of GST paid by you in relation to each of the items of expenditure will form part of the cost of that item and will form part of your deduction.

(a) Division 40 of the Income Tax Assessment Act 1997 ("the 1997 Act") allows a deduction for depreciation on plant and equipment (which includes trellising). As the growers passed a resolution to wind up the project and all assets were transferred to the company, growers are entitled to a deduction for the adjustable value (i.e. tax written down value) of any remaining depreciable assets. Under the resolution the depreciable assets were transferred for nil consideration. The deduction will be different for each grower depending on whether the grower elected to use the "Simplified Tax System" (STS) and when the grower joined the project.

(b) Growers have fully depreciated their irrigation assets, therefore no deductions are available for the year ended 30 June 2006.

(c) Section 40-645 (formerly section 287-355) of the 1997 Act permits a deduction for expenditure in connecting power to land. This deduction is spread equally over 10 years, allowing a 10% deduction each year. A deduction of $9 is available in the year ended 30 June 2006 and growers may be able to continue to claim the depreciation deductions for the power costs in future years until the costs are fully depreciated, notwithstanding that the assets have been disposed of.

(d) In accordance with section 40-515 (formerly section 387 -165) of the 1997 Act a deduction is allowed for expenditure on established horticultural plants from the time they enter their year of first production. The manager previously considered that the vines had an effective life for the purpose of section 40-545 of less than 30 years, and therefore a write-off rate of 13% of the original establishment costs can be used. However, growers are only entitled to claim a depreciation deduction for the period that the vines were held by the growers (i.e. until the project was wound up on 31 January 2006.) The deduction that can therefore be claimed in relation to the 2006 income year is $25 ($323 x 13% x 215/365). Growers are not entitled to deduct the remaining balance of the vines, however a capital gain or loss may be crystallised for the growers based on the remaining tax written down value after the current year deduction. Growers should seek advice from their tax advisors to confirm this.

(e) Land Preparation and design costs are of a capital nature and are not deductible to growers. However, growers may be entitled to a capital loss resulting from the winding up of the project on 31 January 2006.

(f)Management Fees, grant of use fees and recoverable costs were incurred during the period 1 July 2005 to 31 January 2006. The unpaid management fees, grant of use fees and other costs for the period 1 July 2005 to 30 June 2006 were paid via an offset against the wine sale receipts from the sale of bulk wines to CPV Wines Limited and the termination payment. These costs are deductible for tax purposes in the year ended 30 June 2006.

COONAWARRA PREMIUM VINEYARDS PROJECT No.2 - STAGE 2
A.R.S.N. 087 876 186
AFS Licence No: 226243

Recipient Created Tax Invoice

Coonawarra Premium Vineyards Limited AFS Licence No. 226243
As Agent for the Coonawarra Premium Vineyards Project
ABN: 58 086 944 265

** Amounts on this statement should be mutiplied by the number of units held by each investor**

This is the final statement for Coonawarra Premium Vineyard Project No. 2 - Stage 2

		$ per unit*
Total receipts for wine sales (July 05 to Jan 06)		33.37
Total receipts for wine sales to CPV Wines Limited (1)		454.23
Termination payment		311.80
Gross Receipts for financial year ending 30 June 2006		799.40
Less:	$ per unit*	
Recoverable harvest costs to 31 January 2006	135.81	
Grant of Use Fees to 31 January 2006 (1)	95.88	
Management Fees to 31 January 2006 (1)	567.71	
		799.40
Net Amount Payable.		0.00

*** All exclusive of GST**

ADDITIONAL INFORMATION FOR CASH TAXPAYERS ONLY:
For cash taxpayers there was $199.35 of grape receipts received relating to the 2005 harvest in the 2004/2005 financial year. These cash receipts should also be included as income for the year ended 30 June 2006. This cash was used to pay recoverable costs from the 2004/5 financial year.

NOTE: (1) At the general meeting of growers held on Tuesday 31st January 2006, the growers passed a resolution to wind up the project. The net assets of the project (mainly bulk wine) were transferred to CPV Wines Ltd and in return the unpaid grant of use fees, management fees and other costs for the period 1 July 2005 to 30 June 2006 were paid via an offset against the wine sale receipts and termination payment.

IMPORTANT DOCUMENTATION PLEASE RETAIN FOR TAX PURPOSES