Preliminary Final Report of

Coonawarra Australia Property Trust

For the Financial Year Ended 30 June 2011

ABN 37 529 164 940
ARSN 104 335 159

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period:	Financial Year Ended 30 June 2011
Previous Corresponding Period:	Financial Year Ended 30 June 2010

Coonawarra Australia Property Trust

Results For Announcement To The Market
For the Financial Year Ended 30 June 2011

Coonawarra Australia Property Trust (ASX:CNR), has reported its financial results for the year ended 30 June 2011. Attached is a summary of the revenue and net loss followed by the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements.

The financial report has been audited. No matters have arisen which would result in a dispute or qualification.

	2011	**2010**	**$ Change**	**% Change**
Revenue from ordinary activities	2,448,826	2,428,244	20582	0.85%
Net loss from ordinary activities attributable to members	2,366,038	2,422,000	(55,962)	(2.31%)
Net loss after tax attributable to members	1,760,195	1,795,265	(35,070)	(1.95%)
Net loss after tax attributable to members including discontinued operations	1,760,195	5,538,417	(3778,222)	(68.22%)
Net tangible assets per security	0.21	0.35	(0.14)	(40.00%)

Distributions	Amount Per Unit	Franked Amount per unit
Proposed Distribution	Nil	Nil
Interim Distributions	Nil	Nil

Brief Explanation of Revenue, Net Profit and Distributions

The decrease in consolidated group net loss to $1,760,195 for 2011 compared to $5,538,417 for 2010 is due to the loss of control of Prince Hill Wines Ltd. Last year Prince Hill Wines contributed a loss of $3,743,417 to the group's result.

The 2011 result includes fair value movement losses on biological assets of $2,459,815 compared to $1,933,358 in 2010. In 2011 the Coonawarra Australia Property Trust Vineyard was valued at $9,000,000 based on an independent valuation on an unencumbered basis. In 2010 the independent valuation on an unencumbered basis was also $9,000,000 but the valuation used in the financial statements was $11,500,000 which included the value of the rental stream from the growers in the Coonawarra Premium Vineyards Project. As the rental stream from the project will come to a close in June 2012 it was decided to adopt the unencumbered basis of valuation for the 2011 financial statements.

The consolidated group result before income tax benefits, impairment losses and gains on loss of control of subsidiary and property plant and equipment was a profit of $104,135 in 2011 compared to a loss of $1,364,915 in 2010. The 2011 result includes a share of net loss of associates of $161,095.

The Trust and consolidated group net asset position has reduced from $3,645,171 to $1,968,074 due to the reduced value of its vineyard land.

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Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011 $	2010 $
Sales revenue	3	**2,405,887**	2,383,259
Other income	3	**42,939**	44,985
Occupancy costs		**(115,884)**	(129,289)
Corporate Expenses		**(173,381)**	(150,021)
Vineyard Management Expenses		**(612,695)**	(815,669)
Management Expenses		**(349,953)**	(419,977)
Fair value movement - biological assets	(b)	**(2,459,815)**	(1,933,358)
Impairment of Financial Assets	(b)	**-**	(241,221)
Gain on loss of control of subsidiary	26(a)	**172,639**	-
Other expenses	(b)	**(182,997)**	(355,954)
Finance costs	(b)	**(931,683)**	(804,755)
Share of net loss of associates		**(161,095)**	-
Loss before income tax		**(2,366,038)**	(2,422,000)
Income tax benefit	5	**695,843**	626,735
Loss from continuing operations		**(1,670,195)**	(1,795,265)
Profit/(loss) from discontinued operations		**-**	(3,743,152)
Loss for the period		**(1,670,195)**	(5,538,417)
Other comprehensive income:			
Net loss on revaluation of land		**-**	(417,276)
Other comprehensive income for the period, net of tax		**-**	(417,276)
Total comprehensive income for the period		**(1,670,195)**	(5,955,693)
Loss attributable to:			
Members of the parent entity		**(1,482,786)**	(3,437,367)
Non-controlling interest		**(187,409)**	(2,101,050)
		(1,670,195)	(5,538,417)
Total comprehensive income attributable to:			
Members of the parent entity		**(1,482,786)**	(3,854,643)
Non-controlling interest		**(187,409)**	(2,101,050)
		(1,670,195)	(5,955,693)
Earnings per share			
Basic earnings per share (cents)		**(8.47)**	(19.64)
From continuing operations:			
Basic earnings per share (cents)		**(8.47)**	(10.03)
From discontinued operations:			
Basic earnings/(loss) per share (cents)		**-**	(9.61)

The accompanying notes form part of these financial statements

Coonawarra Australia Property Trust

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Statement of Financial Position As At 30 June 2011

	Note	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**10**	23,051
Trade and other receivables	7	**1,255,780**	867,589
Inventories	8	**-**	440,637
Other assets	9	**4,129**	9,388
Winery sale receivable	10	**-**	2,211,421
Total current assets		**1,259,919**	3,552,086
Non-current assets			
Investments accounted for using the equity method	11	**271,408**	-
Property, plant and equipment	12	**3,601,984**	3,754,736
Deferred tax assets	22	**854,229**	815,428
Biological assets	13	**8,648,016**	11,107,831
Total non-current assets		**13,375,637**	15,677,995
TOTAL ASSETS		**14,635,556**	19,230,081
LIABILITIES			
Current liabilities			
Trade and other payables	14	**1,563,173**	1,563,248
Borrowings	15	**8,514,448**	10,519,836
Current tax liabilities	22	**106,138**	211,288
Short-term provisions	16	**-**	16,866
Total current liabilities		**10,183,759**	12,311,238
Non-current liabilities			
Borrowings	15	**-**	12,622
Deferred tax liabilities	22	**2,483,723**	3,223,971
Long-term provisions	16	**-**	37,079
Total non-current liabilities		**2,483,723**	3,273,672
TOTAL LIABILITIES		**12,667,482**	15,584,910
NET ASSETS		**1,968,074**	3,645,171
EQUITY			
Issued capital	17	**1,831,210**	1,831,210
Reserves	18	**1,500,109**	1,500,109
Retained earnings/(losses)		**(1,319,974)**	162,812
Parent interest		**2,011,345**	3,494,131
Non-controlling interest		**(43,271)**	151,040
TOTAL EQUITY		**1,968,074**	3,645,171

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Statement of Changes in Equity

For the Year Ended 30 June 2011

2011

	Trust Units	Retained Earnings	Asset Revaluation Surplus	Non-controlling Interests	Total
	$	$	$	$	$
Balance at 1 July	**1,831,210**	**162,812**	**1,500,109**	**151,040**	**3,645,171**
Loss attributable to members	**-**	**(1,482,786)**	**-**	**-**	**(1,482,786)**
Profit attributable to non-controlling Interests	**-**	**-**	**-**	**(187,409)**	**(187,409)**
De-recognition of non-controlling interest upon loss of control of Priince Hill Wines Ltd	**-**	**-**	**-**	**(6,902)**	**(6,902)**
Sub-total	**-**	**(1,482,786)**	**-**	**(194,311)**	**(1,677,097)**
Balance at 30 June 2011	**1,831,210**	**(1,319,974)**	**1,500,109**	**(43,271)**	**1,968,074**

2010

	Trust Units	Retained Earnings	Asset Revaluation Surplus	Non-controlling Interests	Total
	$	$	$	$	$
Balance at 1 July	1,831,210	3,600,179	1,917,385	2,019,266	9,368,040
Loss attributable to members	-	(3,437,367)	-	-	(3,437,367)
Profit attributable to non-controlling Interests	-	-	-	(2,101,050)	(2,101,050)
Total comprehensive income for the period	-	-	(417,276)	-	(417,276)
Transaction costs	-	-	-	(17,937)	(17,937)
Issue of shares	-	-	-	250,761	250,761
Sub-total	-	(3,437,367)	(417,276)	(1,868,226)	(5,722,869)
Balance at 30 June 2010	1,831,210	162,812	1,500,109	151,040	3,645,171

The accompanying notes form part of these financial statements

Coonawarra Australia Property Trust

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Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 $	2010 $
Cash from operating activities:			
Receipts from customers		**1,844,890**	4,560,391
Payments to suppliers and employees		**(1,107,818)**	(4,025,695)
Interest received		**42,938**	17,171
Interest paid		**(931,683)**	(996,543)
Income taxes paid		**(188,356)**	(5,000)
Net cash provided by (used in) operating activities		**(340,029)**	(449,676)
Cash flows from investing activities:			
Proceeds from sale of winery		**-**	110,000
Purchase of biological assets		**-**	(81,709)
Purchase of land for boundary realignment		**-**	(34,185)
Late stamp duty charges on purchase of CPV Wines Ltd shares		**-**	(241,221)
Loans to related parties - proceeds from repayments		**1,433,234**	-
Net cash provided by (used in) investing activities		**1,433,234**	(247,115)
Cash flows from financing activities:			
Proceeds from issue of shares		**-**	232,866
Proceeds of loan from director related company		**140,620**	617,871
Repayment of borrowings		**(1,300,000)**	(275,000)
Payment of finance lease liabilities		**-**	(7,309)
Net cash provided by (used in) financing activities		**(1,159,380)**	568,428
Deconsolidation of subsidiary		**(23,041)**	-
Net cash used by other activities		**(23,041)**	-
Net increase (decreases) in cash held		**(89,216)**	(128,363)
Cash at beginning of financial year		**(925,222)**	(796,859)
Cash at end of financial year	6	**(1,014,438)**	(925,222)

The accompanying notes form part of these financial statements

This financial report includes the consolidated financial statements and notes of Coonawarra Australia Property Trust and Controlled Entities and its interest in associates and jointly controlled entities (the 'group'). The financial statements were authorised for issue by the Board of Directors on 31 August 2011.

Coonawarra Australia Property Trust is a public trading company domiciled in Australia.

The separate financial statements and notes of the parent entity, Coonawarra Australia Property Trust, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 34.

1 Summary of Significant Accounting Policies

(a) General information

This financial report includes the consolidated financial statements and notes of Coonawarra Australia Property Trust and Controlled Entities and its interest in associates and jointly controlled entities (the 'group').

(b) Basis of preparation

The financial statements are general purpose financial statements that have 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*.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(c) Adoption of New and Revised Accounting Standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Coonawarra Australia Property Trust.

Standard Name	Impact
AASB 2010-3 / AASB 2009-5 Amendments and further Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions	No significant changes on adoption of these standards.

1 Summary of Significant Accounting Policies continued

(c) Adoption of New and Revised Accounting Standards continued

Standard Name	Impact
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	No significant changes on adoption of these standards.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemption for First-time Adopters / AASB 2010-1 Limited exemption from comparative AASB 7 disclosures for first-time adopters	No impact since the entity is not a first-time adopter of IFRS.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	No significant changes on adoption of this standard.
Interpretation 19 Extinguishing liabilities with equity instruments	No significant changes on adoption of this standard.

(d) Comparatives

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

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

1 Summary of Significant Accounting Policies continued

(f) Property, plant and equipment continued

Property continued

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
Improvements - unsealed roads	8.3%
Improvements - brick buildings	2%
Improvements - steel buildings	4%
Other Improvements	10%
Other Property, Plant and Equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are

1 Summary of Significant Accounting Policies continued

(g) Financial Instruments continued

expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

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

1 Summary of Significant Accounting Policies continued

(g) Financial Instruments continued

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

1 Summary of Significant Accounting Policies continued

(g) Financial Instruments continued

Impairment continued

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Income taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be

1 Summary of Significant Accounting Policies continued

(k) Income taxes continued

paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(l) Revenue

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as

1 Summary of Significant Accounting Policies continued

(l) Revenue continued

the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Sale of goods

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.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue

Dividends are recognised as revenue when the right to receive the dividend has been established. Where the dividend is paid out of pre-acquisition profits, it is taken to revenue; however this may be considered an impairment indicator causing an impairment review of the value of the investment.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

1 Summary of Significant Accounting Policies continued

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Basis of consolidation

A controlled entity is an entity over which Coonawarra Australia Property Trust has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 26 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Statement of Financial Position and the consolidated Statement of Comprehensive Income.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

1 Summary of Significant Accounting Policies continued

(p) New Accounting Standards for Application in Future Periods continued

Standard name	Effective date for entity	Requirements	Impact
AASB 124 Related Party Disclosures and amending standard AASB 2009-12	30 June 2012	- Clarification of the definition of a related party - Requirement to disclose commitments to related parties - Disclosure exemptions for government-related entities	Minimal impact expected
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2014	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	30 June 2012	Changes where the entity is subject to minimum funding requirements and makes an early payment to cover these requirements in relation to defined benefit plans.	No significant impact expected.
AASB 2010-4 / 2010-5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2012	Makes changes to a number of standards / interpretations including: - Clarification of the content of the statement of changes in equity - Financial instrument disclosures - Fair value of award credits	No impact expected.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	30 June 2012	Requires additional disclosures regarding for example, remaining risks where an entity has transferred a financial asset	No impact expected.
AASB 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 2010-9 / 2010-10 Amendment to Australian Accounting Standards – Severe hyperinflation and removal of fixed dates for first-time adopters	30 June 2012	Makes amendments to AASB 1	No impact since the entity is not a first-time adopter of IFRS.

1 Summary of Significant Accounting Policies continued

(p) New Accounting Standards for Application in Future Periods continued

Standard name	Effective date for entity	Requirements	Impact
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence	30 June 2012	Collates the Australian specific disclosures into one Accounting Standard rather than including them within a number of different standards.	Little impact since most of the disclosures required by AASB 1054 are already included within the financial statements.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required in AASB 1054 for entities applying the RDR.	The group is not adopting the RDR and therefore this standard is not relevant.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS Manual and Related Amendments	30 June 2013	Standard is applicable for whole of government and general government financial statements only. AASB 2011 provides details of changes in accounting treatment due to the Government Finance Statistics manual.	Standard is not applicable and therefore there will be no impact on adoption.

1 Summary of Significant Accounting Policies continued

(p) New Accounting Standards for Application in Future Periods continued

Standard name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates. [These are expected to be released by the AASB in June / July].	30 June 2014	AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11. Additional disclosu res will be required under AASB 12 but there will be no changes to reported position and performance.
AASB 13 Fair Value Measurement	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.

1 Summary of Significant Accounting Policies continued

(q) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Accounting estimates have been used in determining the impairment of receivables in note 7(a).

2 Earnings per Share

(a) Reconciliation of earnings to loss from continuing operations

	2011	2010
	$	$
Loss from continuing operations	**(1,670,195)**	(1,795,265)
Loss attributable to non-controlling equity interest in respect of continuing operations	**187,409**	39,299
Earnings used to calculate basic EPS from continuing operations	**(1,482,786)**	(1,755,966)
Earnings used in the calculation of dilutive EPS from continuing operations	**(1,482,786)**	(1,755,966)

(b) Reconciliation of earnings to profit or loss from discontinuing operations

	2011	2010
	$	$
Loss from discontinuing operations	**-**	(3,743,152)
Profit attributable to non-controlling equity interest	**-**	2,061,751
Earnings used to calculated basic EPS from discontinuing operations	**-**	(1,681,401)

(c) Earnings used to calculate overall earnings per share

	2011	2010
	$	$
Earnings used to calculate overall earnings per share	**(1,482,786)**	(3,437,367)

(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2011	2010
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**17,500,000**	17,500,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**17,500,000**	17,500,000

2 Earnings per Share continued

(e) Diluted earnings per share is not reflected for discontinuing operations as the result is anti-dilutive in nature

3 Revenue

(a) Sales revenue

	2011 $	2010 $
Sales revenue		
- Sale of goods	**357,724**	555,052
- Services revenue	**2,048,163**	1,828,207
Total Revenue	**2,405,887**	2,383,259

(b) Other Income

	2011 $	2010 $
Other Income		
- Interest income	**42,939**	44,985
Other Income	**42,939**	44,985

4 Loss for the Year

(a) Significant Revenue and Expenses

	2011 $	2010 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
Grant of use (licence) fees	**2,047,733**	1,828,207
Grape sale proceeds	**357,724**	552,052

(b) Expenses

	2011 $	2010 $
Interest expense on financial liabilities not at fair value through profit or loss:		
external	**854,459**	760,360
other related parties	**77,224**	44,395
Total interest expense	**931,683**	804,755

4 Loss for the Year continued

(b) Expenses continued

Devaluation of biological assests	**2,459,815**	1,933,358
Bad and doubtful debts		
Trade receivables	**182,997**	355,954
Total bad and doubtful debts	**182,997**	355,954
Impairment of Financial Assets	**-**	241,221
Depreciation	**40,185**	48,542

5 Income tax (benefit)

(a) The components of tax (benefit) comprise:

	2011 $	2010 $
Current tax	**83,206**	249,034
Arising from previously unrecognised tax loss/tax credit/temporary difference	**(4,485)**	-
Recoupment of prior year tax losses	**-**	(225,680)
Deferred tax	**(774,564)**	(654,755)
(Under)/over provision in respect of prior years	**-**	4,666
	(695,843)	(626,735)

(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2011 $	2010 $
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2010: 30%)		
- economic entity	**(709,811)**	(1,849,546)
Add:		
Tax effect of:		
- under provision for income tax in prior year	**-**	4,666
- deferred tax assets not brought to account	**13,968**	1,443,825
Income tax (benefit) attributable to entity	**(695,843)**	(401,055)
The applicable weighted average effective tax rates are as follows:	**29 %**	7 %

The increase in the weighted average effective consolidated tax rate for 2011 is a result of the reduction in income tax losses not brought to account.

6 Cash and cash equivalents

	2011	2010
	$	$
Cash on hand	**10**	1,761
Cash at bank	**-**	21,290
	10	23,051

The effective interest rate on short-term bank deposits was nil, (2010: 0.3%); these deposits have an average maturity of 20 days.

Reconciliation of Cash

	Note	2011	2010
		$	$
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		**10**	23,051
Bank overdraft	15	**(1,014,448)**	(948,273)
		(1,014,438)	(925,222)

7 Trade and other receivables

	Note	2011	2010
		$	$
CURRENT			
Trade receivables		**1,292,309**	968,647
Provision for impairment of receivables	7(a)	**(384,150)**	(151,089)
		908,159	817,558
Other receivables	7(c)	**14,231**	339,064
Impairment of other receivables		**-**	(298,872)
Amounts receivable from:			
- associates		**556**	-
- other related parties		**332,834**	9,839
		1,255,780	867,589

7 Trade and other receivables continued

(a) Provision for impairment of receivables

Movement in provision for impairment of receivables is as follows:

	2011	2010
	$	$
Balance at beginning of the year	**449,962**	107,000
Additional impairment loss recognised	**233,060**	354,962
Provision used	**(298,872)**	(12,000)
Balance at end of the year	**384,150**	449,962

(b) Credit risk - Trade and Other Receivables

	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
2011							
Trade and term receivables	**1,292,309**	**-**	**-**	**-**	**-**	**838,622**	**453,687**
Other receivables	**14,231**	**-**	**-**	**-**	**-**	**-**	**14,231**
Total	**1,306,540**	**-**	**-**	**-**	**-**	**838,622**	**467,918**
2010							
Trade and term receivables	968,648	962	259	102	8,330	314,179	644,816
Other receivables	339,064	289,872	-	-	-	-	49,192
Total	1,307,712	290,834	259	102	8,330	314,179	694,008

(c) Collateral held as security

Included in other receivables at 30 June 2010 was an amount owing to the Trust of $298,872 which has been written off due to the borrower's default. Collateral had been received from the borrower in the form of unregistered mortgages and personal guarantees and recovery action is in progress.

8 Current Inventories

	2011	2010
	$	$
At Cost		
Raw materials and stores	**-**	9,934
Finished goods	**-**	430,703
	-	440,637

9 Other Current Assets

	2011 $	2010 $
Prepayments	**4,129**	9,388
	4,129	9,388

10 Winery sale receivable

	2011 $	2010 $
Winery sale receivable	**-**	2,211,421

The contract for the sale of the Mudgee winery owned by Prince Hill Wine Services Pty Ltd settled on 12 August 2010.

11 Investments Accounted for Using the Equity Method

	Note	2011 $	2010 $
Associated companies	27(a)	**271,408**	-
		271,408	-

12 Property, plant and equipment

	2011 $	2010 $
LAND		
Freehold land		
At fair value	**3,150,000**	3,150,000
Total land	**3,150,000**	3,150,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**-**	290,755
Accumulated depreciation	**-**	(198,475)
Total plant and equipment	**-**	92,280
Leased plant and equipment		
Capitalised leased assets	**-**	41,864
Accumulated depreciation	**-**	(21,577)
Total leased plant and equipment	**-**	20,287

12 Property, plant and equipment continued

	2011	2010
	$	$
Improvements		
At fair value	**635,638**	635,638
Accumulated depreciation	**(183,654)**	(143,469)
Total improvements	**451,984**	492,169
Total plant and equipment	**451,984**	604,736
Total property, plant and equipment	**3,601,984**	3,754,736

(a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

	Land	Plant and Equipment	Improvements	Total
	$	$	$	$
Current Year				
Balance at the beginning of year	**3,150,000**	**112,567**	**492,169**	**3,754,736**
Disposals through loss of control of subsidiary	**-**	**(112,567)**	**-**	**(112,567)**
Depreciation expense	**-**	**-**	**(40,185)**	**(40,185)**
Carrying amount at the end of year	**3,150,000**	**-**	**451,984**	**3,601,984**
Prior Year				
Balance at the beginning of year	3,650,000	148,678	532,350	4,331,028
Depreciation expense	-	(36,111)	(40,181)	(76,292)
Revaluation decrement	(500,000)	-	-	(500,000)
Carrying amount at the end of year	3,150,000	112,567	492,169	3,754,736

Notes regarding the property assets

(i) Coonawarra Vineyard Property, South Australia

Coonawarra Australia Property Trust has 227 hectares of grapevines planted in the premium grape growing area of the Coonawarra, South Australia. Under the terms of a 13-year license agreement, the members of the Coonawarra Premium Vineyards Project (Growers) are entitled to a grant of use to establish and grow wine grapes on the land held by the Trust, which for this purpose is divided into 2,800 vineyard lots. Upon expiry of the licence, ownership of improvements to the land vests in the Trust.

12 Property, plant and equipment continued

The overall property is a vineyard comprised of land, water licences, vines, trellising, irrigation equipment and other buildings & improvements. The development of the property was carried out in 1999 as part of a Managed Investment Scheme (the Scheme) under the then Corporations Law. The structure of the Scheme resulted in the Trust being the legal and beneficial owner of the land. The development of the land into a vineyard was funded by the grower participants in the Scheme (the Growers) as part of a prospectus issued in June 1999. The Growers beneficially own the grapevines but they are legally part of the land and therefore owned by the Trust. A lease agreement between the Growers and the Trust provides income to the Trust for a Grant of Use rental for the property.

Where any Grower has had their grant of use of their vineyard lot terminated due to failure to adhere to the management conditions (generally non-payment of fees due), the vineyard lot reverts to the Trust as the owner of the land. The Trust has entered into a management agreement with the vineyard manager for that vineyard lot to be managed on behalf of the Trust so that the vineyard asset is maintained. The Trust receives the grapes, which are sold where possible.

The constitution provides for the following:

Land - the land is held for the benefit of the Unit-holders. The value of the land includes the value of the water licences.

Irrigation Equipment - the irrigation equipment and other improvements are owned by the Growers until expiry or termination of the Grant to Use between the Growers and the Trust. On termination or expiry the Grower is not entitled to remove from the Land or claim any compensation or reimbursement for such items. The Lease and Underlease also contemplates that irrigation equipment will revert to the landowner at the end of the lease.

Trellising - the trellising is presently owned by the Growers and on termination or expiry of the Grant of Use between the Growers and the Trust the Growers may remove the trellising provided no damage is caused in the removal. Given that the trellising is effectively integral with the vines and irrigation system it is considered that it is highly unlikely that the trellising can be removed without damage being caused to the irrigation system or the vines and in any event the costs of removal would far outweigh any benefits.

13 Biological Assets - Grapevines

(a) Net market value of grapevines

	2011	2010
	$	$
Balance at beginning of year	**11,107,831**	12,959,480
Improvements	**-**	81,709
Revaluations to market value	**(2,459,815)**	(1,933,358)
Total	**8,648,016**	11,107,831

Fair Value

Coonawarra Vineyard Property, South Australia

The directors of the RE have determined that the valuation of the Trust's Coonawarra vineyard property (land, improvements and vines) for the purpose of this financial report is $9,000,000 on an unencumbered freehold basis compared to $11,500,000 in 2010. This year's basis of valuation is not consistent with prior years where the value of the rental income stream plus a residual sale value at the end of the Project formed the basis of valuation.

Land and grapevines are recorded at net market value. The carrying amount of valuation improvements to non-current assets is initially recorded at the previous year's fair value less depreciation and any impairment. This is compared to market value at the end of the financial year and a revaluation to market value is made. The grapevines are biological assets, measured on a net market value basis.
The RE's valuation separated the assets between biological assets and non-biological assets for the purposes of Accounting Standard AASB 141 - Agriculture.

To assist the directors of the RE in making their determination a formal valuation of the Trust property conducted in June 2011 has been provided by an independent valuer Colin Pickett, Certified Practising Valuer, Associate Australian Property Institute, Gaetjens Pickett Valuers, that states the current market value of the property to the Trust, on an unencumbered freehold basis to be $9,000,000 (2010: $9,000,000), ignoring the benefits and obligations of the leases with the Growers. The directors of the RE have considered this latest valuation in conjunction with other pertinent facts in the present wine industry environment to determine the fair value.

This unencumbered valuation is regarded by the directors of the RE as a current valuation that is reflective of the long term holding value of the vineyard. The vineyard is tied to the Project, which winds up in June 2012, and cannot be independently sold while the Project lease is in place.

The vineyard assets are carried at fair value and no impairment charges have been incurred. Costs to realise the assets at the end of the Project in 2012 are immaterial after discounting.

The water licences have been included in the valuation of the biological assets. These water licences are not valued separately given there is no active market in the Coonawarra.

(b) Fair Value

Description of assets

Coonawarra Australia Property Trust owns a vineyard in the Coonawarra district of South Australia.

CPV Wines Limited owns a vineyard adjoining the Trust vineyard. A formal valuation of the property conducted in June 2011 has been provided by an independent valuer Colin Pickett, Certified Practising Valuer, Associate Australian Property Institute, Gaetjens Pickett Valuers, that states the current market value of the property is $3,250,000 (2010: $3,250,000). The directors of the RE have considered this latest valuation in conjunction with other pertinent facts in the present wine industry environment to determine the fair value.

	2011	2010
Physical quantity of vines owned	**484,322**	484,332
Hectares of vineyard owned	**332**	332

14 Trade and other payables

	2011 $	2010 $
CURRENT		
Unsecured liabilities		
Trade payables	**235,482**	432,449
Other payables	**153,777**	196,439
Amount payable to:		
- key management personnel related entities	**-**	617,871
- other related parties	**415,423**	316,489
	804,682	1,563,248
Secured Liabilities		
- key management personnel related entities	**758,491**	-
	758,491	-
Total Current	**1,563,173**	1,563,248

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2011 $	2010 $
Trade and other payables			
Total Current		**1,563,173**	1,563,248
		1,563,173	1,563,248
Financial liabilities as trade and other payables	20	**1,563,173**	1,563,248

15 Borrowings

	Note	2011 $	2010 $
CURRENT			
Secured liabilities			
Bank overdraft		**1,014,448**	948,273
Finance lease obligation	19	**-**	3,563
Bank Borrowings		**7,500,000**	9,568,000
		8,514,448	10,519,836
NON-CURRENT			
Secured liabilities			
Finance lease obligation	19	**-**	12,622
		-	12,622

(a) Total current and non-current secured liabilities

	2011 $	2010 $
Bank overdraft	**1,014,448**	948,273
Finance lease obligations	**-**	16,185
Bank Borrowings	**7,500,000**	9,568,000
	8,514,448	10,532,458

Bank Borrowings

The bank loans and overdrafts of the entity are secured by first mortgages over the Group's freehold land, including vineyard property.

Covenants within the bank borrowings require Interest Coverage Ratio to be no less than 1.75 times and that the Loan Value Ratio (LVR) at all times will be no more than 60% of unencumbered land value of $12,250,000. At the end of the financial the year Coonawarra Australia Property Trust and CPV Wines Limited breached their Interest Coverage Covenant and Loan Value Covenant.

The Trust reduced its bank borrowings by $1,300,000 following the repayment of loans made by the Trust to Prince Hill Wines Ltd. The Trust and the bank are involved in continuing discussions and are currently reviewing aternative breach rectification strategies. The repayment of $400,000 proposed for 30 April 2011 has been deferred.

Under the long term finance arrangement in place the bank holds the right to reduce the facility amount by an amount sufficient to ensure that the Loan Value Ratio ratio is equal to or less than 60% unless additional security property is provided, to the bank's satisfaction, of sufficient value to ensure the aforesaid ratio is equal to or less than 60%. As a result the Group has classified its liability within those long term finance arrangements as current.

16 Provisions

Analysis of Total Provisions

	2011	2010
	$	$
Current	-	16,866
Non-current	-	37,079
	-	53,945

	Employee entitlements	Total
	$	$
Opening balance at 1 July 2010	**53,945**	**53,945**
Disposals through loss of control of subsidiary	**(53,945)**	**(53,945)**
Balance at 30 June 2011	-	-

Provision for Employee Entitlements

Provisions have been recognised for employee entitlements relating to long service leave and annual leave. The measurement and recognition criteria relating to employee benefits has been included in note 1 to this report.

17 Issued Capital

	2011	2010
	$	$
17,500,000 (2010: 17,500,000) Trust units fully paid	**1,831,200**	1,831,200
Settled Sum	**10**	10
Total	**1,831,210**	1,831,210

There were no units issued or redeemed during the current or previous financial year.

All issued units are fully paid, carry one vote per unit and carry the right to receive distributions.

(a) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary trust units and financial liabilities supported by financial assets.

Externally imposed capital requirements were breached at balance date and have been disclosed at note 15.

Management effectively manages the Group's capital by assessing the group's financial risks and

17 Issued Capital continued

(a) Capital Management continued

adjusting structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to unit-holders and unit issues. The gearing ratio is adversely affected by the decrease in valuation of the Coonawarra vineyards.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

The gearing ratio for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Note	2011 $	2010 $
Total borrowings		**8,514,448**	10,532,458
Less Cash and cash equivalents	6	**(10)**	(23,051)
Net debt		**8,514,438**	10,509,407
Total Equity		**1,968,074**	3,645,171
Total capital		**10,482,512**	14,154,578
Gearing ratio		**81.23 %**	74.25 %

18 Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non current assets. Under certain circumstances dividends can be declared from this reserve.

19 Finance Lease Commitments

	Note	2011 $	2010 $
Payable - minimum lease payments			
- not later than 12 months		**-**	5,038
- between 12 months and 5 years		**-**	14,263
Minimum lease payments		**-**	19,301
Less future finance changes		**-**	(3,116)
Present value of minimum lease payments	15	**-**	16,185

Finance leases related to motor vehicles used by a former subsidiary in cellar door operations.

20 Financial instruments

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2011	2010
	$	$
Financial Assets		
Cash and cash equivalents	**10**	23,051
Loans and receivables	**1,255,780**	3,079,010
	1,255,790	3,102,061
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	**1,563,173**	1,563,248
- Borrowings	**8,514,448**	10,532,458
	10,077,621	12,095,706

Financial Risk Management Policies

The Trust'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 consolidated group. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Trust'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 Trust's activities expose it primarily to the financial risks of changes in interest rates. The Trust does not enter into derivative financial instruments to manage its exposure to interest rate risk.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings

The net effective variable interest rate borrowings (ie unhedged debt) exposes the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

20 Financial instruments continued

	2011	2010
	$	$
Floating rate instruments		
Bank overdraft	**1,014,448**	948,273
Bank Borrowings	**7,500,000**	9,568,000
	8,514,448	10,516,273

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Refer to note 15 for further discussion of liquidity risk in relation to borrowings.

(c) Foreign exchange risk

The Group is not exposed to fluctuations in foreign currencies.

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics, other than the growers in the Coonawarra Premium Vineyards Project. 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 entity’s maximum exposure to credit risk.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates.The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

20 Financial instruments continued

	Profit	Equity
	$	$
Year Ended 30 June 2011		
Increase Interest rate by 2%	**(170,289)**	**(170,289)**
Decrease interest rate by 2%	**170,289**	**170,289**

	Profit	Equity
	$	$
Year Ended 30 June 2010		
Increase Interest rate by 2%	(210,325)	(210,325)
Decrease interest rate by 2%	210,325	210,325

21 Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

(a) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(b) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

21 Segment information continued

(c) Segment performance

	Managed Investment Scheme		Vineyard		Discontinued Operation Wine Services		Elimination		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$	$	$
REVENUE										
From external customers	**2,115,530**	2,001,359	**290,357**	381,900	**-**	1,427,162	**-**	-	**2,405,887**	3,810,421
Inter-segment revenue	**73,153**	220,043	**-**	-	**-**	-	**(73,153)**	(220,043)	**-**	-
Interest revenue	**42,904**	44,984	**35**	-	**-**	215	**-**	-	**42,939**	45,199
Gain on asset dispoals	**-**	-	**-**	-	**-**	129,947	**-**	-	**-**	129,947
Total segment revenue	**2,231,587**	2,266,386	**290,392**	381,900	**-**	1,557,324	**(73,153)**	(220,043)	**2,448,826**	3,985,567
Depreciation and amortisation of segment assets	**(40,185)**	(40,181)	**-**	-	**-**	(36,111)	**-**	-	**(40,185)**	(76,292)
Interest expense external	**(572,637)**	(534,464)	**(281,823)**	(277,984)	**-**	(48,076)	**-**	-	**(854,460)**	(860,524)
Interest expense related parties	**(77,224)**	(30,854)	**(73,153)**	(86,859)	**-**	(133,184)	**73,153**	220,043	**(77,224)**	(30,854)
Devaluation of biological assets	**(2,459,815)**	(1,584,819)	**-**	(348,539)	**-**	-	**-**	-	**(2,459,815)**	(1,933,358)
Impairment of financial assets	**-**	(1,603,106)	**-**	-	**-**	-	**-**	1,361,885	**-**	(241,221)
Equity interest in associated company results	**(161,095)**	-	**-**	-	**-**	-	**-**	-	**(161,095)**	-
Impairment of inventory	**-**	-	**-**	-	**-**	(260,373)	**-**	-	**-**	(260,373)
Impairment of winery sale receivable	**-**	-	**-**	-	**-**	(2,388,643)	**-**	-	**-**	(2,388,643)
Bad and doubtful debts - external	**(182,997)**	(355,954)	**-**	-	**-**	4,486	**-**	-	**(182,997)**	(351,468)
Bad and doubtful debts - inter-segment	**(503,022)**	(752,266)	**503,022**	752,266	**-**	-	**-**	-	**-**	-
Gain on loss of control of controlled entity	**172,639**	-	**-**	-	**-**	-	**-**	-	**172,639**	-
Other Expenses	**(539,140)**	(874,362)	**(672,587)**	695,050	**-**	(2,438,575)	**-**	-	**(1,211,727)**	(2,617,887)
Segment result before income tax	**(2,131,889)**	(3,509,630)	**(234,149)**	(274,265)	**-**	(3,743,152)	**-**	1,361,885	**(2,366,038)**	(6,165,162)
Income tax benefit	**695,843**	1,035,300						(408,565)	**695,843**	626,735
Segment result	**(1,436,046)**	(2,474,320)	**(234,149)**	(274,265)		(3,743,152)		953,320	**(1,670,195)**	(5,538,417)

21 Segment information continued

(d) Segment assets

	Managed Investment Scheme		Vineyard		Discontinued Operation Wine Services		Elimination		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$	$	$
Segment assets	**11,006,798**	14,419,357	**3,346,382**	3,486,095	**-**	676,781	**(571,753)**	(2,379,000)	**13,781,427**	16,203,233
Segment asset increases for the period:										
Capital expenditure	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Reconciliation of segment assets to group assets										
Segment assets									**13,781,427**	16,203,233
Unallocated assets:										
Winery sale receivable									**-**	2,211,421
Deferred tax assets									**854,229**	815,428
									-	-
Total group assets									**$l4,635,656**	$9,230,082

(e) Segment liabilities

	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$	$	$
Segment liabilities	**6,950,810**	8,031,581	**3,537,568**	3,443,132	**-**	2,621,436	**(410,758)**	(1,946,498)	**10,077,620**	12,149,651
Reconciliation of segment liabilities to group liabilities										
Deferred tax liabilities									**2,483,723**	3,223,971
Current tax liabilities									**106,138**	211,288
Total group liabilities									**12,667,481**	15,584,910

21 Segment information continued

(f) Business and Geographic Segments

Business segments

The Group has the following 3 business segments:

- A Managed Investment Scheme providing land to licenced growers who are members of the Coonawarra Premium Vineyards Project.
- A vineyard in the Coonawarra.
- Wine sales and wine services, which was discontinued with the deconsolidation of Prince Hill Wines Ltd on 1 July 2010.

Geographic segments

The Group's business segments are located in Australia.

(g) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles, and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

(h) Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length. These transfers are eliminated on consolidation.

(i) Impairment Losses

Impairment losses amounting to $ 2,459,815 relating to biological assets within the managed investment scheme segment were recognised as an expense for the year ended 30 June 2011.

22 Tax

(a) Liabilities

	2011	2010
	$	$
CURRENT		
Income tax	**106,138**	211,288
	106,138	211,288

22 Tax continued

(b) Deferred Tax Liability - Consolidated

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Closing Balance
	$	$	$	$	$
Deferred Tax Liability					
Property, Plant and Equipment revaluation	12,281	9,378	-	-	21,659
Revaluation of biological assets	3,576,047	(512,946)	-	-	3,063,101
Revaluation of land	293,621	(37,500)	(116,910)	-	139,211
Accrued grape income	3,640	(3,640)	-	-	-
Balance at 30 June 2010	3,885,589	(544,708)	(116,910)	-	3,223,971
Property, Plant and Equipment revaluation	**21,659**	**(2,303)**	**-**	**-**	**19,356**
Revaluation of biological assets	**3,063,101**	**(737,945)**	**-**	**-**	**2,325,156**
Revaluation of land	**139,211**	**-**	**-**	**-**	**139,211**
Balance at 30 June 2011	**3,223,971**	**(740,248)**	**-**	**-**	**2,483,723**

(c) Deferred Tax Assets - Consolidated

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Closing Balance
	$	$	$	$	$
Consolidated Group					
Deferred Tax Assets					
Provisions					
Doubtful debts	28,500	106,200	-	-	134,700
Fair value gain adjustments	-	72,366	-	-	72,366
Deferred tax assets attributable to tax losses	667,181	(61,254)	-	-	605,927
Borrowing costs	14,367	(11,932)	-	-	2,435
Balance at 30 June 2010	710,048	105,380	-	-	815,428
Provisions					
Doubtful debts	**134,700**	**(19,455)**	**-**	**-**	**115,245**
Fair value gain adjustments	**72,366**	**48,329**	**-**	**-**	**120,695**
Deferred tax assets attributable to tax losses	**605,927**	**(29,443)**	**-**	**-**	**576,484**
Borrowing costs	**2,435**	**39,370**	**-**	**-**	**41,805**
Balance at 30 June 2011	**815,428**	**38,801**	**-**	**-**	**854,229**

22 Tax continued

(d) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(k) occur:

	2011	2010
	$	$
- temporary differences	-	67,060
- tax losses:		
- operating losses	**623,203**	8,246,390
- capital losses	-	863,044
	623,203	9,176,494

23 Distributions

No distributions has been proposed or paid.

Balance of franking account at period end adjusted for franking credits arising from:		
payment of provision for income tax	**323,077**	299,723
	323,077	299,723

24 Auditors' Remuneration

	2011	2010
	$	$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	**42,000**	61,000
- auditing the compliance plan	**2,500**	2,500

25 Loss of control of entities

Name of group of entity	Prince Hill Wines Ltd
Date control lost	1 July 2010
Contribution of the or group of entities to loss from ordinary activities during the period to the date of losing control	-
Contribution of the group of entities to loss from ordinary activities for the whole of the previous corresponding period	3,743,152

26 Controlled Entities

(a) Acquisitions - Disposals of Controlled Entities

There have been no acquisitions of controlled entities during the year. The Trust lost control over Prince Hill Wines Ltd (ASX:PHW) when PHW shareholders approved the acquisition of certain assets and liabilities from Watson Wine Group Pty Ltd (ACN 093 886 509) and its subsidiary companies in exchange for the issue of 148,514,029 shares .

An operating profit of $ 120,847 after income tax was attributable to members of the Trust from the loss of control.

The carrying amount of the net assets at the date of disposal were:

	$
Cash and cash equivalents	23,041
Receivables	96,457
Inventory	440,637
Prepayments	4,079
Winery Sale Receivable	2,211,421
Total current assets	2,775,635
Property, plant and equipment	112,567
Total non-current assets	112,567
Trade payables	350,072
Provisions	16,866
Borrowings	2,204,797
Total current liabilities	2,571,735
Borrowings	12,622
Provisions	37,079
Total Non Current Liabilities	49,701
Net assets	266,766
Market Value	
Quoted share value at time of deconsolidation	432,503
Non controlling interest disposed of on loss of control of subsidiary	6,902
Net market value	439,405
Net profit / (loss) on disposal before tax	172,639

26 Controlled Entities continued

Name	Country of incorporation	Percentage Owned (%)* 2011	Percentage Owned (%)* 2010
Parent Entity:			
Coonawarra Australia Property Trust	Australia		
Subsidiaries of parent entity:			
Prince Hill Wines Limited	Australia	**-**	42.2
CPV Wines Limited	Australia	**77.3**	77.3
Subsidiaries of Prince Hill Wines Limited			
Prince Hill Wine Services Pty Ltd	Australia	**-**	42.2
Prince Hill Cellars Pty Ltd	Australia	**-**	42.2

* Percentage of voting power is in proportion to ownership

27 Associated companies

Name	Principal Activities	Country of Incorp-oration	Shares	Ownership Interest 2011 %	Ownership Interest 2010 %	Carrying Amount of Investment 2011 $	Carrying Amount of Investment 2010 $
Listed:							
Prince Hill Wines Ltd	Wine Production	Australia	Ord	**24.48**	42.24	**271,408**	-
						271,408	-

(a) Movements during the Year in Investments in Controlled Entities

	2011 $	2010 $
Balance at beginning of the financial year	**-**	-
Add:		
Value at deconsolidation	**432,503**	-
Share of associated company's profit/(loss) after income tax	**(161,095)**	-
Less:		
Balance at end of the the financial year	**271,408**	-

	2011 $	2010 $
Share of associate's profit/(loss) before income tax expense	**(161,095)**	-
Share of associate's income tax expense	**-**	-
Share of associate's profit after income tax	**(161,095)**	-

27 Associated companies continued

(b) Summarised presentation of aggregate assets, liabilities and performance of associates

	2011	2010
	$	$
Current assets	**5,766,155**	-
Non-current assets	**2,137,828**	-
Total assets	**7,903,983**	-
Current liabilities	**7,081,964**	-
Non-current liabilities	**477,306**	-
Total Liabilities	**7,559,270**	-
Net assets	**344,713**	-
Revenues	**8,910,514**	-
Profit/(Loss) after income tax of associates	**(657,978)**	-

(c) Fair value of associates

	2011	2010
	$	$
Market value of listed investment in associate	**346,003**	432,503
	346,003	432,503

28 Contingent Liabilities and Contingent Assets

Recovery action is in process against Great Southern Beverage Pty Ltd (ACN 132 761 392) and its director Warren Harvey due to failure to repay its loan of $247,500 which was repayable on 7 October 2009. It is not practicable to estimate the value of any recovery.

The consolidated group has no other contingent assets or liabilities.

29 Interests of Key Management Personnel

The totals of remuneration paid to key management personnel of the company and the Group during the year are as follows:

	2011	2010
	$	$
Short-term employee benefits	**139,478**	327,266
Long-term benefits	**16,094**	45,045
	155,572	372,311

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

30 Key Management Personnel Shareholdings

The number of units in Coonawarra Australia Property Trust held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of year 2011	Bought / (Sold) during the year 2011	Balance at end of year 2011	Balance at beginning of year 2010	Bought / (Sold) during the year 2010	Balance at end of year 2010
Units held						
Rex Watson #	2,287,285	-	2,287,285	2,287,285	-	2,287,285
Paul Miller	-	-	-	-	-	-
Andrew Parkinson	-	-	-	-	-	-
Conrad Guerra	-	-	-	-	-	-
	2,287,285	**-**	**2,287,285**	**2,287,285**	**-**	**2,287,285**

Units all held by related party Coonawarra Vineyard Management Services Pty Ltd.

Other Key Management Personnel Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 31: Related Party Transactions.

There are no loans to key management personnel.

31 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Directors

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

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

(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 Trust, directly or indirectly, during the financial year:

Conrad Guerra (Company Secretary & Chief Financial Officer) (employed by related party Prince Hill Wine Services Pty Ltd), appointed 1 December 2008.

All the above persons were also key management personnel during the year ended 30 June 2010.

31 Related party transactions continued

(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 Trust and the related Managed Investment Scheme Coonawarra Premium Vineyards Project and other relevant factors. All director and senior executive compensation is paid by the RE, and passed onto the Trust 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, except for Andrew Parkinson whose contract with Prince Hill Wines Ltd to act as managing director of that company includes the ability to earn a cash bonus of up to $20,000 per year provided certain targets agreed with the board of directors of that company are met. The targets were not met for the year and no bonus was payable.

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.

(d) Key management personnel compensation

The aggregate compensation of the key management personnel attributable to the Trust is set out in the directors report.

(e) Other transactions with key management personnel

Aggregate amounts receivable from other related parties are disclosed in note 7 to the financial statements.

During the financial year :-

- The Trust paid fees to the RE for management, administration and property management totalling $205,953 (2010: $237,977) pursuant to the arms length terms and conditions of a contract that was approved by the unitholders in December 2002 as part of the restructuring of the Project in 2003. The Trust paid fees of $149,492 (2010: $332,401) to the Project Manager in respect of management of the terminated vineyard lots for the 2010/11 financial year.

- The Trust paid interest of $77,224 (2009: $30,854) on loans from Watson Wine Group Pty Ltd, a related entity of director, Rex Watson. These charges were on third party commercial terms and conditions.

- CPV Wines Limited paid management, administration, property management and operating costs of $647,993 to associated company, Prince Hill Wine Services Pty Ltd, pursuant to a contract approved by the shareholders of CPV Wines Limited in January 2006. (In 2010 management, administration, property management and operating costs of $663,268 were paid to Coonawarra Vineyard Management Services Pty Ltd a related entity of director, Rex Watson, persuant to a contract approved by the shareholders of CPV Wines Limited in January 2006. This contract was assigned to Prince Hill Wine Services Pty Ltd from 1 July 2010).

- During the year Prince Hill Wine Services paid interest of $31,116 (2010: $133,183) to the trust and repaid its borrowings of $1,433,234.

- During the year the RE paid interst of $11,785 (2010: $14,617) to the Trust.

31 Related party transactions continued

- Associated company Prince Hill Wine Services Pty Ltd purchased all the grapes harvested by CPV Wines Limited, $290,357, pursuant to a contract to purchase the grapes at district weighted average prices. (In 2010 Watson Wine Group Pty Ltd, a related party of director, Rex Watson, purchased all the grapes harvested by CPV Wines Limited, $381,890, pursuant to a contract to purchase the grapes at district weighted average prices.This contract was assigned to Prince Hill Wine Services Pty Ltd from 1 July 2010).

- The Group reimbursed the RE for insurance premiums of $32,805 (2009: $80,821). These charges were calculated on the basis of cost recovery and do not include any profit element.

32 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2011	2010
	$	$
Net loss for the period	**(1,670,195)**	(5,538,417)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	**40,185**	76,292
Impairment of receivables	**182,997**	351,468
Impairment of winery sale receivable	**-**	2,388,643
Impairment of inventory	**-**	260,373
Net gain on disposal of property, plant and equipment	**-**	(129,947)
Net gain on deconsolidation of controlled entity	**(172,639)**	-
Impairment of Financial Assets	**-**	241,221
Fair value movement - biological assets	**2,459,815**	1,933,358
Share of associated companies net profit after income tax and dividends	**161,095**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	**(560,997)**	291,119
(Increase)/decrease in prepayments	**1,181**	334,926
(Increase)/decrease in inventories	**-**	133,879
Increase/(decrease) in trade payables and accruals	**102,728**	(53,840)
Increase/(decrease) in income taxes payable	**(105,150)**	244,034
(Increase)/decrease in deferred taxes payable	**(779,049)**	(766,948)
Increase/(decrease) in provisions	**-**	9,843
	(340,029)	(223,996)

32 Cash Flow Information continued

(b) Loan Facilities

	2011	2010
	$	$
Loan facilities	**8,400,000**	10,268,000
Amount utilised	**(8,383,469)**	(10,185,404)
	16,531	82,596

The major facilities are summarised as follows:

At 30 June 2011 the Trust had a multi-option facility from Commonwealth Bank of Australia of $5,700,000, including an overdraft sub-limit of $700,000 for working capital, secured by a fixed and floating charge over the Trust's property assets.

CPV Wines had bank loan of $2,500,000 and an overdraft limit of $200,000. The bank loan is secured by a mortgage over the company's two freehold land titles.

33 Events after the end of the reporting period

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the "top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact on the valuation of assets and/or going concern of the business.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34 Parent entity

The following information has been extracted from the books and records of the parent, Coonawarra Australia Property Trust and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Coonawarra Australia Property Trust has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

34 Parent entity continued

	2011 $	2010 $
Statement of Financial Position		
Assets		
Current assets	**1,149,458**	2,486,854
Non-current assets	**11,444,197**	13,538,112
Total Assets	**12,593,655**	16,024,966
Liabilities		
Current liabilities	**7,057,111**	8,242,869
Non-current liabilities	**1,868,409**	2,613,560
Total Liabilities	**8,925,520**	10,856,429
Equity		
Issued capital	**1,831,210**	1,831,210
Retained earnings	**1,061,610**	2,562,012
Asset realisation reserve	**775,315**	775,315
Total Equity	**3,668,135**	5,168,537
Statement of Comprehensive Income		
Total profit or loss for the year	**(1,500,403)**	(2,431,253)
Other comprehensive income	**-**	(469,204)
Total comprehensive income	**(1,500,403)**	(2,900,457)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2011 or 30 June 2010.

35 Going concern basis of accounting

The Directors of the responsible entity have prepared the financial statements on the basis of going concern. At the year end the Trust had net current liabilities of $8,923,840 and had incurred a loss for the year of $1,670,195. The Trust continues to be economically dependent on generating profits from the business and the continued support from the bank while in breach of its banking covenants.

The Trust's ability to continue as a going concern is contingent upon generation of profit from its business, the continued support of the bank and/or successful raising of capital. If profits are not generated, banking support is not maintained and/or capital is not raised, the going concern basis may not be appropriate, with the result that the Trust may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from that stated in the financial report. No allowance for such circumstances has been made in the financial report.

36 Company Details

Registered office and Principal Place of Business

The registered office and principal place of business of the company is:

Coonawarra Australia Property Trust
235 Glen Osmond Road
Frewville SA 5063

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COONAWARRA AUSTRALIA PROPERTY TRUST

Report on the financial report

We have audited the accompanying financial report of Coonawarra Australia Property Trust (the "Trust"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors of the responsible entity' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Responsible entity's responsibility for the financial report

The responsible entity of the Company is responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors of the responsible entity determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors of the responsible entity also state, in the notes to the financial report, 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 whether the financial report is free from material misstatement.

Auditor's responsibility Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion,

a the financial report of Coonawarra Australia Property Trust is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 34 in the financial report which indicates that the consolidated entity incurred a net loss of $1,670,195 during the year ended 30 June 2011 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $8,923,840. These conditions, along with other matters as set forth in Note 34, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 11 of the directors' report for the year ended 30 June 2011. The Directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Coonawarra Australia Property Trust for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 31 August 2011