

**ETW CORPORATION LIMITED**

**ABN 91 064 820 408**

**HALF-YEAR FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2008**

## **CONTENTS**

---

Directors' Report	3
Auditor's Independence Declaration	4
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Review Report	15

## **DIRECTORS' REPORT**

---

Your directors submit their report for the half-year ended 31 December 2008.

### **DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Joshua Mann – resigned 10 July 2009  
Mr Aaron Finlay  
Mrs Nadine Donovan

### **RESULTS AND REVIEW OF OPERATIONS**

The Company's net loss attributable to members of the Company for the half-year ended 31 December 2008 was \$186,845 (half-year ended 31 December 2007 net loss: \$388,545).

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is included on page 4 of the financial report.

Dated this 27<sup>th</sup> day of August 2009.

Signed in accordance with a resolution of the directors.



**Aaron Finlay**  
Director

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of ETW Corporation Limited and its controlled entity for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ETW Corporation Limited and the entity it controlled during the half year.



**PKF**  
Chartered Accountants



**Conley Manifis**  
Partner

Dated at Perth, Western Australia this 27<sup>th</sup> day of August

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | [www.pkf.com.au](http://www.pkf.com.au)  
West Australian Partnership | ABN 39 542 778 278  
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia  
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF Perth is a member of the PKF International Limited network of legally independent member firms. PKF Perth is also a member of PKF Australia Limited, a national network of legally independent firms each trading as PKF. PKF Perth does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Notes	31 December 2008 \$	31 December 2007 \$
Revenues		-	15,935,893
Cost of Sales		-	(11,607,495)
Gross Profit		-	4,328,398
Other income	3	24,132	94,709
Loss on disposal of assets		-	(4,811,652)
Corporate office expenses	3	(210,978)	-
Loss before income tax		(186,845)	(388,545)
Income tax expense		-	-
Loss attributable to members of the Company		(186,845)	(388,545)
Loss per share (cents)			
Basic		(0.06)	(0.42)
Diluted		(0.06)	(0.42)

**This income statement should be read in conjunction with the accompanying notes to the financial statements.**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	Notes	31 December 2008 \$	30 June 2008 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	700,235	1,110,077
Trade and other receivables		38,088	-
Other current assets		3,097	14,679
<b>Total Current Assets</b>		741,420	1,124,756
<b>Total Assets</b>		741,420	1,124,756
<b>Current Liabilities</b>			
Trade and other payables		5,468	139,884
Other financial liabilities		-	-
Provisions		-	-
<b>Total Current Liabilities</b>		5,468	139,884
<b>Total Liabilities</b>		5,468	139,884
<b>Net Assets</b>		735,952	984,872
<b>Equity</b>			
Contributed equity		65,241,181	65,303,256
Reserves		700	700
Accumulated losses		(64,505,929)	(64,319,084)
<b>Total Equity</b>		735,952	984,872

**This balance sheet should be read in conjunction with the accompanying notes to the financial statements.**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

	<b>Contributed equity</b>	<b>Reserves</b>	<b>Accum- ulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2008	65,303,256	700	(64,319,084)	984,872
Loss for the period			(186,845)	(186,845)
Total recognised income and expense			(186,845)	(186,845)
Share issue costs	(62,075)			(62,075)
Balance at 31 December 2008	<u>65,241,181</u>	<u>700</u>	<u>(64,505,929)</u>	<u>735,952</u>
Balance at 1 July 2007	62,825,921	13,110,513	(159,847,771)	(83,911,337)
Loss for the period			(388,545)	(388,545)
Total recognised income and expense			(388,545)	(388,545)
Share issue cost				
Share options	8,000			8,000
Balance at 31 December 2007	<u>62,833,921</u>	<u>13,110,513</u>	<u>(160,236,316)</u>	<u>(84,291,882)</u>

**This statement of changes in equity should be read in conjunction with the  
accompanying notes to the financial statements.**

**CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	4,545	15,780,423
Cash payments in the course of operations	-	(66,838,141)
Cash payments to suppliers and employees	(371,899)	-
Interest received	19,587	94,709
<b>Net cash flows used in operating activities</b>	<b>(347,767)</b>	<b>(50,963,009)</b>
<b>Cash flows from investing activities</b>		
Proceeds on disposal of plant and equipment	-	49,359,915
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>49,359,915</b>
<b>Cash flows from financing activities</b>		
Payment of share issue costs	(62,075)	-
Proceeds on exercise of options	-	8,000
<b>Net cash flows used in financing activities</b>	<b>(62,075)</b>	<b>8,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(409,842)</b>	<b>(1,595,094)</b>
Net foreign exchange differences	-	-
Cash and cash equivalents at beginning of period	1,110,077	1,595,094
<b>Cash and cash equivalents at end of period</b>	<b>700,235</b>	<b>-</b>
	4	

**This cash flow statement should be read in conjunction with the accompanying notes to the financial statements.**



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**(a) Basis of preparation**

This interim general purpose financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by ETW Corporation Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

**(b) Incomplete Financial Information (31 December 2007 comparatives only)**

Due to the Parent Entity being subject to external administration and Receiver & Manager appointed for the period August 2007 to 23 June 2008 and the associated disposal of the business, complete accounting records have not been able to be located. The effect on the financial report for the period ended 31 December 2007 is as follows:

At 23 August 2007 (the date of the appointment of Joint Administrators) the Company had not completed its financial report for the year ended 30 June 2007. The management and affairs of the Company were not under the control of the Directors during the period in which the affairs were under the control of the Receiver Manager. During that period books and records of the economic entity required for the preparation of the financial reports were either not preserved or made available to the Company. Subsequent to the resignation of the Receiver & Manager and return of the management and control of the Company's affairs to the now newly appointed Directors it has not been possible to obtain all the books and records of the entire economic entity for the relevant periods, particularly books and records which would have been held by the Company prior to the appointment of the Joint Administrators with certainty or at all. This has resulted in delays in preparing the financial report and Directors' Report which has resulted in delays in the completion of the review and the Directors being unable to reconstruct complete financial and corporate records relating to the periods. The Company has prepared this financial report to the best of its knowledge based on the limited information available to it.

The Directors are of the opinion that it is not possible to state that the financial statements and notes are in accordance with the requirements of the *Corporations Act 2001* due to the lack of records and certainty in connection with the books and records of the economic entity for the relevant period, particularly the time prior to the appointment of the Joint Administrators. Accordingly the 31 December 2007 comparable information has not been able to be prepared in accordance with all the requirements of the Australian Accounting Standards.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

The income statement, statement of changes in equity and statement of cash flows for the period ended 31 December 2007 has been prepared based on ASIC Form 524 – *Presentation of Accounts and Statement* prepared by the Administrator. This form is based on cash inflows and outflows, and as a result the appropriate disclosures and accuracy of the information cannot be verified by the current directors.

It is noted by the Directors that the disposal of the wine assets and business and application of the proceeds of the sale to the secured creditor, costs of the sale and costs of the Receiver & Manager mean that while historical records are affected and that this may result in the financial information for the period in which the business was disposed of not being complete, the absence of records is not expected to significantly detract from the Company's ability to identify and maintain proper books and records for its business going forward from 20 June 2008, the time when the new Directors took control of the Company and the assets that it does retain. Therefore the absence of records due to the external administration and disposal by the Receiver & Manager primarily affects the historical records of the economic entity rather than its ability to continue its retained business and operations.

**(b) Changes in accounting policy**

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**2. SEGMENT REPORTING**

The Company operates in one business segment, being the wine distribution industry, and one geographical segment, being Australia.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

**3. REVENUE AND EXPENSES**

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Other income</b>		
Out licensing income	4,545	-
Interest income	19,587	94,709
	<u>24,132</u>	<u>94,709</u>
<b>Other expenses</b>		
The following expenses are included in the corporate office expenses:		
Administrative expenses	<u>210,978</u>	-

**4. CASH AND CASH EQUIVALENTS**

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<u>700,235</u>	-
	<u><u>700,235</u></u>	<u><u>-</u></u>

**5. DIVIDENDS**

No dividend has been declared or paid during the half-year or the previous corresponding period.

The Company does not have any franking credits available for current or future years as it is not in a tax paying position.

**6. SUBSEQUENT EVENTS**

On 25 August 2009, the Company announced that it has entered into an agreement for the commercialisation of its Cocoparra wine label, pursuant to which the Company has incorporated Cocoparra Estate Pty Ltd. The Company will hold 51% of the fully paid ordinary share capital in Cocoparra Estate Pty Ltd, with its joint venture partner holding the remaining 49%. It is currently expected that the brand will target premium international markets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

---

Having commissioned and received a detailed report into the Australian wine industry and what opportunities and business strategy options are available to the Company to assist the new board of the Company with the development of its wine business, the Company feels this agreement provides a good entry level opportunity for the Company given the highly competitive market. The Company will provide working capital and intellectual property to the joint venture.

Along with continuing to explore opportunities with regard to the Company's wine assets, the Company is also investigating opportunities for new investments in other industries as previously outlined to shareholders.

**7. COMMITMENTS AND CONTINGENCIES**

**(a) Commitments**

The Company had no commitments as at 31 December 2008.

**(b) Contingencies**

The Company had no contingent liabilities as at the balance sheet date.

## **DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of ETW Corporation Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the Company; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Aaron Finlay  
Director  
27 August 2009

**AUDITOR'S REVIEW REPORT TO  
THE MEMBERS OF ETW CORPORATION LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half year financial report of ETW Corporation Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at 31 December 2008 or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ETW Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | [www.pkf.com.au](http://www.pkf.com.au)  
West Australian Partnership | ABN 39 542 778 278  
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia  
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF Perth is a member of the PKF International Limited network of legally independent member firms. PKF Perth is also a member of PKF Australia Limited, a national network of legally independent firms each trading as PKF. PKF Perth does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

### *Basis for Qualified Conclusion*

An adverse opinion was issued on the 30 June 2008 financial report due to matters disclosed in note 1b of the half year financial report and as summarised below. As a result of the adverse opinion, a qualified conclusion has been issued on the results of operations and cashflows for the comparative half year ended 31 December 2007.

On 21 August 2007 Evans & Tate Limited went into administration and receivers and managers were appointed. On the same date the company was also suspended from trading on the Australian Securities Exchange (ASX). Due to the above events the audit for the year ended 30 June 2007 and the half year review for the period ended 31 December 2007 were not completed.

In October 2007, whilst the company was in administration, McWilliams Wines Pty Ltd purchased Evans & Tate Limited's wine business.

At a meeting of creditors held on 14 December 2007, creditors resolved to execute a Deed of Company Arrangement which involved winding up certain subsidiaries and a recapitalisation of the existing shares (approved by shareholders on 27 May 2008). Consequently the wine making and distribution operations ceased and Evans & Tate Limited, which was later renamed ETW Corporation Limited, became a non-operating entity with a new Board of Directors appointed on 31 March 2008.

On 20 June 2008 the company was removed from external administration under the settlement of the Deed of Company Arrangement and reinstated on the ASX, at which point the new directors were granted the responsibility for the governance of the company.

As stated in Note 1(b) of the half year financial report the Directors are unable to state that the financial statements and notes for the comparative period operations and cashflows (being 31 December 2007) are in accordance with the requirements of the Corporations Act 2001. Accordingly, we are not in a position to and do not express any assurance in respect of the comparative information for the period ended 31 December 2007.

### *Qualified Conclusion*

Except for the adjustments to the comparative financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of ETW Corporation Limited does not present fairly, in all material respects, the financial position of ETW Corporation Limited as at 31 December 2008, and of its financial performance and its cash flows for the half year period ended on that date, in accordance with the Corporations Act 2001.

### **Report on Other Legal and Regulatory Requirements – 31 December 2007 Operations and Cashflows Only**

As described under the Basis for Qualified Conclusion, we have not been given all information, explanation and assistance necessary for the conduct of the review and the company has not kept all financial records sufficient to enable the comparative period operations and cashflows in the financial report to be prepared and reviewed.



**PKF**  
Chartered Accountants



**Conley Manifis**  
Partner

Dated in Perth, Western Australia on this 27<sup>th</sup> day of August 2009