CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited)

ACN 008 095 207

Annual Financial Report

for the year ended 30 June 2010

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Corporate Information

This annual report covers both CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) (ACN 008 095 207) and its controlled entities ("Group"). The Group's functional and presentation currency is Australian Dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 18.

Directors

The names of the directors of the company during or since the end of the financial year are:
Stephen Evans (Chairman, Non-Executive Director)(Appointed 30 September 2010)
Donald Stephens (Non-Executive Director)(Appointed 31 January 2011)
Melvyn Drummond (Non-Executive Director)
Ivan T Limb (Non-Executive Director)(Resigned 31 January 2011)
Stuart Richardson (Chairman)(Resigned 30 September 2010)
Peter Perrin (Managing Director)(Resigned 13 November 2009)

Company Secretary

Pierre van der Merwe (Appointed 31 January 2011)

Registered Office

C/- RJC Evans & Co Pty Ltd
116 Greenhill Road
UNLEY SA 5061

Principal place of business

C/- RJC Evans & Co Pty Ltd
116 Greenhill Road
UNLEY SA 5061

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Legal Advisors

Cowell Clarke
Level 5, 63 Pirie Street
ADELAIDE SA 5000

Bankers

GE Commercial Corporation (Australia) Pty Ltd
Level 13, 255 George Street
SYDNEY NSW 2000

Auditors

Deloitte Touche Tohmatsu
Level 17, 11 Waymouth Street
ADELAIDE SA 5000

Directors' report

The directors of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) ("the company") and its controlled entities ("the Group") submit herewith the annual financial report for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Stephen Evans (Chairman, Non-Executive Director)(Appointed 30 September 2010)

Mr Evans is the Managing Director of a leading Adelaide based accounting firm (RJC Evans & Co) which was established in 1920. Stephen has over 25 years experience in advising small, medium and large corporations in relation to tax, accounting, financial and business related matters. He is a member of the Taxation Institute of Australia, National Institute of Accountants and a fellow of the Institute of Company Directors. Mr Evans is a Director and Non-Executive Chairman of Chesser Resources Limited, a Director of Panax Geothermal and Avenue Resources Limited. He is a former Director of WCP Resources Limited, Innovance Limited and Newport Mining Limited, having resigned from these on 30 June 2009, 15 September 2010 and 22 June 2010 respectively.

Donald Stephens (Non-Executive Director)(Appointed 31 January 2011)

Mr Stephens is a Chartered Accountant and corporate adviser with over 20 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd Stephens, a firm of Chartered Accountants. He is a director of Mithril Resources Limited and Papyrus Australia Limited and is company secretary to Toro Energy Limited, Mithril Resources Limited and Minotaur Resources Limited, all of which are listed on the ASX. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

Melvyn Drummond (Non-Executive Director)

Mr Drummond lived and worked in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors in Australasia and abroad between 1976 and since relocating to Melbourne. He holds Bachelor of Arts and Commerce degrees from the University of Cape Town and is a Chartered Secretary. While residing in Trinidad in the West Indies between 1976 and 1985, Mr Drummond was, for a number of years, a co-owner of a successful liquor importing and distribution business bringing in wines and spirits from a number of European countries and Chile.

Directors' report

Ivan T Limb (Non- Executive Director)(Resigned 31 January 2011)

Mr Limb holds a Bachelor of Applied Science degree from Charles Sturt University. He had more than 18 years' professional and management experience with Orlando Wyndham, one of Australia's major winemaking groups, where he was responsible for producing many trophy and medal winning wines. In 1993, he was instrumental in establishing Australian Vintage Limited which crushed about eight percent of Australia's vintage in 1995. In 1997, Australian Vintage was taken over by Simeon Wines Limited, valuing the company at approximately $120 million. Mr Limb resigned from Simeon Wines Limited in 1998 and has since privately developed more than 200 hectares of vineyards in the Barossa Valley and at Waikerie, South Australia.

Stuart Richardson (Chairman)(Resigned 30 September 2010)

Mr Richardson holds a Bachelor of Business (Accounting) from Swinburne University of Technology, Melbourne, is a CPA and has extensive knowledge of the wine industry. He has considerable experience in capital markets in both Australia and overseas in the field of stockbroking and investment banking. He is a founding director of Blackwood Capital Limited, an Australian-based investment bank operating in capital markets, advisory services and funds management in equities and private equity funds. Mr Richardson is a Director of UnderCoverWear Limited.

Peter Perrin (Managing Director)(Resigned 13 November 2009)

Mr Perrin has in excess of 20 years wine industry experience including 14 years with Mildara Blass of which 2 years was as Director of Global Trade of Beringer Blass Wine Estates, following 5 years as President and CEO of Mildara Blass in the USA. He is a board member of the Australian Wine and Brandy Corporation - International Trade Advisory Council and is a past Chairman of the Australian Wine Export Council - USA Committee and a past Chairman of the Australian Wine Export Council - Canada Committee.

Company secretary

Pierre van der Merwe (Appointed 31 January 2011)

Mr van der Merwe is a Chartered Accountant with over 20 years experience and is currently a director of HLB Mann Judd (SA) Pty Ltd, a firm of Chartered Accountants in Adelaide, and a number of other private companies. He provides corporate advice and support to a number of companies listed on the ASX, has held the position of Company Secretary to ASX listed companies and is currently Company Secretary to a number of unlisted companies. He has extensive experience in the provision of professional services to clients, including tax consulting, management of client accounting systems, reporting at Board level assisting with financial interpretations and strategic planning. He is also a Fellow of the Financial Services Institute of Australasia.

Former partners of the audit firm

No audit or former audit partners are directors or officers of the company.

Directors' report

Principal activities

The principal activities of Group during the financial year continued to be the production and sale of Australian table and sparkling wines, principally through an Australia-wide distribution agreement and abroad, with the focus on the USA and select Asian markets.

Operating results

Gross revenue for the year was $9.74 million (2009: $17.62 million) made up of sales of bottled and bulk wine in both years, and other income. Gross receipts from the sale of goods during the year comprised a mix of domestic and export packaged sales. The Group achieved positive cash inflows from operating activities of $234 thousand for the year (2009: cash inflows of $453 thousand). Net loss after impairment and tax was $28.44 million (2009: $58.66 million net loss after tax).

Preparation of financial statements

The financial report has been prepared after consideration and evaluation of the information available, having regard to the following events:

- On 20 January 2010, the company and four of its subsidiaries were placed in voluntary administration by the directors (refer also "Review of operations and changes in state of affairs"). As a result of this, the directors at that time no longer had full control over the running of the company and there was a subsequent loss of key administrative staff.
- The company entered into a Deed of Company Arrangement ("DOCA") pursuant to the Corporations Act 2001 as approved at a Creditors Meeting dated 18 May 2010. This resulted in:
  - The company agreeing to sell all of its four wholly-owned subsidiaries to an unrelated third party for a nominal amount;
  - Sale of title of the Cockatoo Ridge brand and the winery situated at Monash by the secured creditor towards repayments of its secured debt; and
  - The unsecured creditors agreeing to receive a final dividend in full satisfaction of amounts owing on completion of the reconstruction.

The sale of the wholly-owned subsidiaries resulted in the books and records and in particular the underlying source documents including sales invoices, supplier invoices and statements, inventory listings, inventory costing records, grape supply contracts, receivables listings, payables listings, fixed asset schedules and other critical documents being transferred to the purchaser. The Directors have not been able to obtain this information from the purchaser and as a result of these and the other events described above, the Directors have not been able to satisfy themselves as to the completeness of the documentation. The Directors have compiled these financial statements based upon reconstructing the trial balance based on information obtained from:

- Limited financial records retained by the company after its wholly-owned subsidiaries containing material operations of the Group were sold pursuant to the DOCA;
- Information contained within the DOCA;

Directors' report

- BDO Kendalls (SA), the administrators appointed by the company;
- Former employees and Executive Directors; and
- External customers, suppliers and financiers.

Based on the opinion of the Directors, the Annual Report has been prepared as accurately as possible based on the limited access to critical source information.

Review of operations and changes in state of affairs

On 10 December 2009, CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) ("CRW") underwent voluntary suspension from official quotation on the Australian Stock Exchange (ASX), pending finalisation of discussions between the company and its financier about restructuring the Cockatoo Group's debt. The company actively reviewed opportunities regarding the possible disposal of the Monash winery to further reduce debt levels. The winery was leased on commercial terms for one year during January 2010.

On 20 January 2010, the company and four of its subsidiaries (Cockatoo Ridge Sales Pty Ltd ("CRS"), Australian Commercial Wines Pty Ltd ("ACW"), Cockatoo Ridge Pty Ltd ("CRPL") and Playford Wine Holdings Pty Ltd ("PWH")) were placed in voluntary administration by the directors. George Divitkos and Russell Henry Heywood-Smith of BDO Kendalls (SA) were appointed as the administrators.

The first creditors meeting was held on 27 April 2010 and the second on 18 May 2010. On 18 May 2010, the creditors agreed to a Deed of Company Arrangement (DOCA). Upon the DOCA being entered into, CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) was no longer under administration. A Deed Fund was to be established by Taycol Ltd (Taycol) as soon as practicable after 18 May 2010 and each of the following conditions having been either satisfied to Taycol's satisfaction or waived by Taycol, as the case may have been:

- All assets of the company being transferred to CRS as directed by S Richardson, I Limb and M Drummond, except for some wine labels and associated assets to be nominated by S Richardson, I Limb and M Drummond and Taycol, subject to the Secured Creditor's consent which were to remain assets of the company;
- ASX having approved in writing the re-quoting of the securities issued by the company and waived the requirements of Chapters 1 and 2 of the Listing Rules;
- S Richardson, I Limb and M Drummond appointing as additional officers of the company new persons nominated by Taycol and having subsequently resigned;
- Unless ASIC waived such requirement, the company had prepared and lodged financial statements for the company for the period ended 31 December 2009, which complied with Chapter 2M of the Corporations Act;
- The company having changed its name to a name not including the words "Cockatoo Ridge";

Directors' report

- The shareholders of the company having resolved in general meeting to approve a consolidation of shares on a 1 for 100 basis and the issue by way of placement to clients of Taycol of up to 500,000,000 shares and 100,000,000 options at a price to be determined by Taycol. This was to be approved by the ASX pursuant to Chapters 7 and 11 of the Listing Rules and in respect of any other approvals which may have been required;
- The company having transferred all shares held in ACW, CRPL, PWH, Playford Wines Pty Limited and CKR Brands Pty Ltd to S Richardson, I Limb and M Drummond or their nominees;
- The Secured Creditor entering into a Debt Assumption Deed with the company and the company's subsidiaries which would provide *inter alia*:
    i. That the debt owed to the Secured Creditor by the company (CKR Debt) would be assumed by CRS, pursuant to which CRS would become liable to the Secured Creditor as a primary borrower of the CKR Debt;
    ii. Each Subsidiary agreeing with the Secured Creditor the terms on which the GE Debt would be provided to CRS, including:
        a) Providing a guarantee in favour of the Secured Creditor of CRS obligations to the Secured Creditor; and
        b) Granting any new security required by the Secured Creditor to ensure the Secured Creditor's security position was not adversely affected by the transfer of assets from the company to CRS; and
        c) The Secured Creditor releasing its security over the company;
- The Non-Participating Creditors (other than the Secured Creditor and those who were parties to the Deed) having agreed by deed poll to release the company from all liabilities.

The termination date of the DOCA was 31 August 2010.

On 31 August 2010, a further creditors meeting was held to extend the termination of the Deed of Company Arrangement to 31 December 2010, which was further extended to 31 March 2011 and then to 31 August 2011.

No further trading has occurred since these events, and no further significant events are expected to occur until the Board has certainty that the company will recapitalise.

Subsequent events

Further to the events described in the Changes in State of Affairs, a General Meeting of shareholders was held on 30 November 2010, at which the following resolutions were passed:

- The transfer of all of the issued shares in Playford Wine Holdings Pty Ltd from the company to Michael Strachan Hislop;
- The consolidation of shares and options on a 1 for 100 basis;
- The capital of the company being reduced by applying such a portion of the accumulated losses of the company considered permanently lost against the share capital of the company;
- The company to change its name to CRW Holdings Limited;
- The issue of 430,000,000 new shares;

Directors' report

- The issue of up to 10,000,000 new shares to the Directors and/or their Associates;
- The issue of up to 50,000,000 shares to Taycol Services Pty Ltd and/or its Associates;
- The adoption of amendments to the company's Constitution;
- The election of Mr Stephen Evans as Director of the company.

Sale of Intellectual Property

The following entities sold substantially all intellectual property assets for the payment of $198,000 plus GST on 1 October 2010, with the proceeds paid to GE Commercial Corporation (Australia) Pty Ltd and applied to debt obligations:

- Cockatoo Ridge Wines Limited
- Cockatoo Ridge IP Pty Ltd
- Cockatoo Ridge Pty Ltd
- Cockatoo Ridge Sales Pty Ltd
- Australian Commercial Wines Pty Ltd
- CKR Brands Pty Ltd.

Sale of tank farm and Barossa lease

On 5 November 2010, the landlord (BV Way) of property located at Barossa Valley Way, Tanunda, South Australia, issued a Notice of Termination and asserted various claims over certain assets on the property which CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) leased from BV Way and on the basis of which the former operated a tank farm and other operations related to that aspect of its business. This action resulted in a "Dispute" with GE Commercial Corporation (Australia) Pty Ltd being CRW's secured lender.

On 16 November 2010, GE issued a Notice of Possession for various assets subject to its charge provided by CRW.

The Dispute was settled in full through mediation on 2 December 2010, which included the sale of all GE secured assets (except records) that were at issue in the Dispute for a payment to GE of $585,000 plus GST on 22 December 2010.

Sale of subsidiaries

On 30 December 2010, the following subsidiaries were sold to Playford Wine Holdings Pty Ltd:

- 3,000 ordinary shares in Australian Commercial Wines Pty Ltd were sold for consideration of $2.
- 1 ordinary share in Playford Wines Pty Ltd was sold for consideration of $2.
- 20 ordinary shares in Cockatoo Ridge Pty Ltd were sold for consideration of $2.
- 2,000,002 ordinary shares in CKR Brands Pty Ltd were sold for consideration of $2.

On the same day, the share capital of Playford Wine Holdings was sold to Michael Strachan Hislop for consideration of $2. The sales of the subsidiaries results in a gain through a net debt relief of $21,865,942 and as a result the financial position of the company after the sale of the subsidiaries has substantially improved.

Directors' report

Environmental regulations

There are no environmental issues or challenges facing either the company or any existing or ongoing liabilities in this connection.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share options

Shares under option or issued on exercise of options

There are no unissued shares or interests under option as at the date of this report.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, and all executive officers of the company and of any related body corporate against a liability incurred in such capacity of director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

Complete information regarding the number of directors' meetings held and the attendees at each meeting is not available.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report, and after the consolidation of shares on a 1 for 100 basis.

	Fully paid ordinary shares	Share options
Directors	**Number**	**Number**
Stephen Evans	-	-
Donald Stephens	-	-
Melvyn Drummond	10,000	-

Directors' report

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 32 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence, based on previous advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor

Deloitte Touche Tohmatsu.

Auditor's independence declaration

The auditor's independence declaration is included on page 19 of the annual report.

Directors' report

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of CRW Holdings Limited's (previously known as Cockatoo Ridge Wines Limited) directors and its senior management for the financial year ended 30 June 2010.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

- S Evans (appointed 30 September 2010)
- D Stephens (appointed 31 January 2011)
- M Drummond
- I T Limb (resigned 31 January 2011)
- S Richardson (resigned 30 September 2010)
- P Perrin (resigned 13 November 2009)

The highest remunerated company and group executives for the financial year were:

- P Perrin (Managing Director) (resigned 13 November 2009)
- H Herbst (Chief Financial Officer) (resigned subsequent to year end)
- M Drummond (Company Secretary until 31 January 2011)
- A Thompson (National Sales Manager) (resigned subsequent to year end)
- M Starick (Operations Manager) (resigned subsequent to year end)

Remuneration policy for key management personnel

Compensation packages contain the following key elements:

- Salary/fees
- Benefits including the provision of motor vehicles, superannuation and wine allowance
- Incentive scheme being share options under the Employee Share Option plan as disclosed in the Remuneration report.

Other than the amounts disclosed in the column for bonuses and equity-settled options, all other amounts are fixed as part of the individual executive's remuneration. The remuneration is fixed where the only variable is on sign-on, being the granting of options in relation to the roles to which they have been appointed.

The company's policy for determining the nature and amount of emoluments of board members and senior executives is as follows:

The compensation structure for key management personnel, including executive directors, is based upon a number of factors, including length of service, particular experience of the individual concerned and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis the terms of which would not have been expected to change in the immediate future. Upon retirement, key management personnel are paid employee benefit entitlements accrued to date of retirement. All key management would be paid 25% of their salary in the event of redundancy.

Directors' report

Remuneration Report (continued)

The Group has an employee option plan for directors and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, directors and senior employees are granted share options as an initial sign on benefit following their appointment. The options issued are not performance related. Any options not exercised before or on the date of termination lapse.

Remuneration and other terms of employment for executives are reviewed annually by the Board having regard to the individual's performance against goals and business plans, comparative data and employment market conditions and independent expert advice.

No bonuses have been paid or are payable in the current year.

The objectives of the reward schemes are to both reinforce the short and long term goals of the company and to provide a congruent interest between management and shareholders.

Employment contracts

The employment conditions of the Managing Director and key management personnel are formalized in contracts of employment. The Managing Director and certain key management personnel are employed under varying fixed period contracts, each of which continues to roll forward for 12 months every anniversary date.

The company may terminate the Managing Director's employment contract without cause by providing 3 months' written notice or by making payment based on his annual salary component in lieu of notice. Termination payments are generally not payable on resignation and never on dismissal for serious misconduct. In the instance of serious misconduct, the company can terminate employment at any time. Major provisions of the employment agreements in force are set out below:

Managing Director

- Term of agreement - no fixed term
- Base Salary - $220,000 reviewed annually
- Employer or employee may terminate employment on giving of three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice
- Long term incentive in the form of options over ordinary shares in the company in line with the Group options policy.

All other executives (as listed earlier)

- Term of agreement - no fixed term
- Base salary exclusive of superannuation to be reviewed annually

Directors' report

Remuneration Report (continued)

- Employer or employee may terminate employment on giving of between one and three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice
- Long term incentive in the form of options over ordinary shares in the company in line with the Group options policy.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the Group's earning and movements in shareholder wealth for the five years to 30 June 2010:

	30 June 2010 $'000	30 June 2009 $'000	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000
Revenue	9,736	17,622	37,730	13,720	22,853
Net profit/(loss) before tax	(28,437)	(54,175)	(1,379)	(4,230)	(12,883)
Net profit/(loss after tax	(28,437)	(58,657)	(3,936)	(3,672)	(9,030)

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Share price at start of year ($)	0.01	0.09	0.14	0.14	0.41
Share price at end of year ($)	-	0.01	0.09	0.14	0.14
Interim dividend ($)	-	-	-	-	0.01
Final dividend ($)	-	-	-	-	0.03
Basic earnings per share (cents)	(3.36)	(15.93)	(1.44)	(5.21)	(12.98)
Diluted earnings per share (cents)	(3.36)	(15.93)	(1.44)	(5.21)	(12.98)

There is no explicit relationship between the performance of the company and the remuneration policy.

Directors' report

Remuneration Report (continued)

Directors' remuneration for the year ended 30 June 2009 & 2010

	Short-term employee benefits		Post employment benefits	Share based payments	Total
	Salary & Fees $	Non-monetary $	Superannuation $	Options $	$
S Evans					
2010	-	-	-	-	-
2009	-	-	-	-	-
D Stephens					
2010	-	-	-	-	-
2009	-	-	-	-	-
M Drummond					
2010	40,000	-	3,600	-	**43,600**
2009	32,000	25,348	2,880	-	**60,228**
I T Limb					
2010	-	13,183	-	-	**13,183**
2009	27,197	21,837	-	-	**49,034**
S Richardson					
2010	-	-	-	-	-
2009	40,000	-	-	-	**40,000**
P Perrin					
2010	132,605	15,163	11,934	-	**159,702**
2009	250,000	40,714	22,240	63,411	**376,365**

Directors' report

Remuneration Report (continued)

Remuneration of the named executives who receive the highest remuneration for the year ended 30 June 2009 & 2010

	Short-term employee benefits		Post employment benefits	Share based payments	Total
	Salary & Fees $	Non-monetary $	Superannuation $	Options $	$
M Starick					
2010	140,000	21,536	12,600	-	174,136
2009	140,000	18,163	12,261	14,644	185,068
A Thompson					
2010	157,500	-	14,175	-	171,675
2009	157,500	1,000	12,552	7,841	178,893
H Herbst					
2010	119,267	-	10,734	-	130,001
2009	4,969	-	447	-	5,416
D G Lister					
2010	-	-	-	-	-
2009	65,596	8,666	4,829	-	79,091
R W Hunt					
2010	-	-	-	-	-
2009	139,556	15,001	11,487	-	166,044

No director or senior management person appointed during the period received a payment as part of consideration for agreeing to hold the position.

Options issued to directors and senior management

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

	Value of options granted at the grant date	Value of options exercised at the exercise date	Value of options lapsed at the date of the lapse	Total
	$	$	$	$
P Perrin	-	-	-	-
A Thompson	-	-	-	-
M Starick	-	-	-	-

Directors' report

Remuneration Report (continued)

Employee share option plan

The Group has an employee option plan for directors and senior employees of the Group where options are granted on appointment of the individuals to the positions held within the company. The granting of options is not performance based as they are granted at the time of appointment of key management.

Each employee share option converts into one ordinary share of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) on payment of the exercise price. The options carry neither rights to dividends nor voting rights. None of the options currently on issue may be exercised during the period of 12 months after the date of issue. Thereafter, and until 24 months after the date of issue, no more than half of the options on issue may be exercised.

The options granted as part of remuneration will automatically lapse if not exercised before expiry, or one month of the resignation of the director or senior employee, whichever is the earlier.

No options were granted during the current financial year. Options were priced using a Black-Scholes model. Where relevant, the expected life used in the model was adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility was based on the historical share price volatility over the past 3 years.

It is the policy of the company that persons to whom options have been issued should not enter into any transactions in any associated product which is designed to limit the economic risk of participating in unvested entitlements under an equity-based remuneration scheme.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options Series	Grant date	Grant number	Expiry date	Exercise price $	Fair value at grant date $
(1) P Perrin	01/11/06	1,000,000	31/10/11	0.20	0.06
(2) P Perrin	30/11/07	2,000,000	29/11/12	0.20	0.06
(3) A Thompson	06/08/07	500,000	05/08/12	0.20	0.05
(4) M Starick	30/10/07	500,000	29/10/12	0.20	0.07

Directors' report

Remuneration Report (continued)

	Options series			
Inputs into the model	**Series 1**	**Series 2**	**Series 3**	**Series 4**
Grant date share price	0.50c	0.13c	0.12c	0.14c
Exercise price	0.20c	0.20c	0.20c	0.20c
Expected volatility	48.71%	62.85%	58.92%	62.14%
Option life	5	5	5	5
Dividend yield	-	-	-	-
Risk-free interest rate	5.78%	6.17%	6.07%	6.37%

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001 and dated this 7 June 2011.

On behalf of the Directors

Mr Stephen Evans
Chairman

Deloitte.

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The Board of Directors
CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd)
C/- RJC Evans & Co Pty Ltd
116 Greenhill Road
Unley SA 5061

7 June 2011

Our Ref:

Dear Board Members

Re: CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CRW Holdings Limited.

As lead audit partner for the audit of the financial statements of CRW Holdings Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

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Partner
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Independent Auditor's Report
to the directors of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd)

We have been engaged to audit the accompanying financial report of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' 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 as set out on pages 31 to 88.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Because of the matters discussed in the Basis for Disclaimer of Auditors Opinion paragraph, we were not able to complete our audit in accordance with Australian Auditing Standards.

Auditor's Independence Declaration

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

Basis for Disclaimer of Auditor's Opinion

As outlined in Note 2 to the financial statements for the year ended 30 June 2010, the directors of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd) were not able to satisfy themselves that all expense and revenue transactions per the Statement of Comprehensive Income and balances per the Statement of Financial Position had been completely and accurately recorded and that the disclosures required in the 30 June 2010 financial report were complete and accurate.

Due to the abovementioned limitations placed on the directors of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd), we were unable to perform procedures that we considered necessary to obtain sufficient appropriate audit evidence regarding the amounts and disclosures in relation to the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Equity of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Ltd) as at and for the year ended 30 June 2010. Accordingly, we were unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

Disclaimer of Auditor's Opinion

In our opinion, because of the existence of the limitation on the scope of our work, as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the financial report of CRW Holding Limited (previously known as Cockatoo Ridge Wines Ltd) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date;

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(c) complying with International Financial Reporting Standards.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 2 in the financial report, which describes that the creditors have entered into a deed of company arrangement and the conditions of that deed that need to be met including the need for a successful capital raising. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants
Adelaide, 7 June 2011

Corporate Governance Statement

In March 2003, the Australian Stock Exchange (ASX) Corporate Governance Council (Council) published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the best practice recommendations during the reporting period. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the company must state the period during which is has been followed.

In August 2007, following a major review of the operation of the Principles and Recommendations since they were issued, a second edition of the Corporate Governance Principles and Recommendations was published by the Council. CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) (CKR or the company) is now required to report on its compliance with the revised Principles and Recommendations during the financial year 1 July 2009 to 30 June 2010.

The Statement outlines the main corporate governance practices of the company. Unless otherwise stated, the company's corporate governance practices were in place throughout the 2009/10 year and comply with the Council's revised corporate governance principles and recommendations.

As recognised by the Council, corporate governance is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations". It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. Corporate governance practices will evolve in the light of the changing circumstances of a company and must be tailored to meet those circumstances. Corporate governance practices must also evolve in the context of developments both in Australia and overseas.

Role of the Board and Management

The board is responsible to shareholders for the overall corporate governance of the company. This responsibility includes:

- Determining and periodically reviewing the company's strategic direction and operational policies;
- Establishing goals for management and tracking the implementation and achievement of those goals;
- Reviewing and approving the company's Business Plan and complementary annual/revised budgets prepared by management;
- Approving all significant business transactions including any acquisitions, divestments, resource developments and significant capital expenditure;
- Approving capital raisings in any form;
- Monitoring business risk exposures and risk management systems;
- Considering and approving financial and other obligatory reporting, including continuous disclosure reporting;
- Receiving and considering the reports of Board committees;
- Appointing, assessing and rewarding the Managing Director, taking account of industry benchmarks, and

Corporate Governance Statement

- Timely reporting to shareholders and other stakeholders.

A strategic balance is maintained between the responsibilities of the Chairperson, the Managing Director, the then Executive Director/Company Secretary and the Chief Financial Officer.

The specific executive responsibilities of the Chairperson are:

- Raise funds for the company to progress its goals as required;
- Maintain relations with investors, analysts, brokers and the company's appointed advisors;
- Identify suitably qualified, focused and informed individuals for appointment to ensure a motivated board of directors;
- Oversee the company's strategy in relation to grape supply and production contracts each vintage; and
- Evaluate, in conjunction with the Managing Director, opportunities that may arise in the wine industry periodically which may form part of CKR's five-year strategic plan or otherwise.

The Managing Director/CEO is accountable to the Board for the running of the company within the policy and authority levels prescribed by the Board. He is responsible for the day to day management of the company's principal business operations in South Australia and elsewhere and has the authority to approve non-planned capital expenditure, business transactions and personnel appointments within predetermined limits set by the Board and reviewed as external circumstances require.

The Managing Director's specific responsibilities include:

- Preparing the company's annual strategic plan in conjunction with other management and, following its adoption by the Board, ensuring that business development is in accordance with and reported against that plan;
- Evaluating domestic and export markets for the company's products and, where appropriate, proposing to the Board suitable changes to/expansions of operations or acquisition/disposal of assets or businesses;
- Leading major distributorship negotiations and maintaining mutually rewarding relationships with key suppliers and local and foreign distributors;
- Interfacing with analysts, brokers, investors and the company's appointed advisors regarding the company's performance, a role shared with the Chairperson;
- In conjunction with the Chairperson and Company Secretary, preparing and approving announcements, press releases and visual presentations; and
- Responding to written or oral telephonic institutional shareholder enquiries.

The Chief Financial Officer is responsible for maintaining financial control across the company. In this role, the Chief Financial Officer is responsible for overall management reporting, statutory accounting, auditing, treasury, taxation and insurance covers with specific responsibilities including:

Corporate Governance Statement

- In conjunction with the Managing Director, preparing annual and revised budgets for the approval of the Board and monitoring the financial performance of the company against approved budgets;
- Ensuring that appropriate financial reports are provided to the Board at each of its meetings and, on a quarterly, biannual and annual basis, in conjunction with the Company Secretary, also to the ASX;
- Liaising with and providing required reports/information to the company's financiers; and
- Monitoring the company's risk management framework to ensure that established policies, guidelines, procedures and controls are implemented.

The Company Secretary is responsible for ensuring that the Board also receives relevant non-financial information and reports (notably on auditing, taxation, regulatory and legal matters) at its regular meetings and otherwise as appropriate. In conjunction with the Chief Financial Officer, he is responsible for the lodgement of statutory financial statements and ASX/ASIC reporting, including dealing with any correspondence in relation to ASX reporting and of a non-routine nature from ASIC.

COMPOSITION OF THE BOARD
During the reporting period, the company had two non-executive directors (Mr S. A. Richardson and Mr I.T. Limb) with both considered by the Board to be independent in terms of the Council's definition of independent director, and two executive directors (Mr P. Perrin and Mr M. Drummond).

The Board did not during the reporting period comprise a majority of independent directors and, consequently, its composition did not comply with recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations. The Board does now comprise a majority of independent directors and consequently its composition complies with recommendation 2.1. The Board has adopted and implemented a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the Chairperson; and
- directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion and the taking of any vote on the matter.

In addition, the Board has established an audit committee to assist it in discharging its responsibilities. The responsibilities of that committee of the Board are set out later in this Statement. The committee comprised the two non-executive independent directors of the company and one executive director. It is the Board's policy that the audit committee should be entitled to obtain independent professional or other advice at the cost of the company and to obtain such resources and information from the Group, including direct access to employees of and advisers to the Group, as it may require.

Corporate Governance Statement

Notwithstanding the ratio of executive to non-executive directors, the Board is otherwise balanced in its composition with each current director bringing a range of different and complementary skills and experience to the company as indicated below. However, the Board is cognisant of recommendation 2.1 and intends to appoint further non-executive directors as soon as reasonably practicable in order to comply with that recommendation.

During the reporting period, the roles of Chairperson and chief executive officer were not exercised by the same individual. Mr S. A. Richardson was the non-executive Chairperson during the whole of the reporting period. Mr P Perrin was the CEO during the whole of the reporting period. The company's Chairperson and CEO had separate roles. The Chairperson has no executive responsibilities (see above under "Role of the Board and Management") and is primarily responsible for leading the Board in the overall discharge of its duties. The company therefore considers that it is complying with recommendation 2.3 of the Corporate Governance Principles and Recommendations (that the roles of the chairperson and chief executive officer should not be exercised by the same individual).

The company does not have a nomination committee and consequently does not comply with recommendation 2.4 of the ASX Corporate Governance Principles and Recommendations. The Board is of a size, composition and physical location which is conducive to making the relevant decisions itself efficiently and expeditiously. It follows that the functions of a nomination committee are carried out by the full Board.

ETHICAL AND RESPONSIBLE DECISION MAKING

It continues to be the policy of the company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the company's activities. This includes dealings with suppliers, business partners, regulatory authorities and the general communities in which it operates. In June 2004, the CKR Board formally adopted a Code of Ethics that sets out the principles and standards with which all company officers and employees are expected to comply in the performance of their respective functions. Under the Code, officers and employees are expected to:

- comply with the law,
- act honestly and with integrity and objectivity,
- not place themselves in situations which result in divided loyalties,
- use the company's assets responsibly and in the interests of the company,
- respect the confidentiality of information received while performing their duties, and
- be responsible and accountable for their actions.

Corporate Governance Statement

SECURITIES TRADING POLICY

It is company policy that directors notify the Company Secretary timeously before buying or selling securities in the company. The Board recognises that it is the individual responsibility of each director and employee in possession of market sensitive information to ensure that he/she complies with the spirit and the letter of insider trading laws. Notification to the Company Secretary and, through him, the Board and market, as provided for under the Listing Rules of ASX, does not constitute Board endorsement of any such transaction. It is a policy of the Board that its members and the Company Secretary not trade shares in the company whilst in possession of price sensitive information and, if not in possession of such information, other than during the month following the announcement of half yearly or annual results, the publication of an ASX quarterly report or the close of a prospectus relating to equity securities.

INTEGRITY OF FINANCIAL REPORTING

CKR's Managing Director and Chief Financial Officer declare in writing to the Board (in accordance with section 295A of the Corporations Act 2001 and through the audit committee) that, in their opinion, the financial records have been properly maintained and the consolidated financial statements of CKR and its controlled entities for each half and full financial year present a true and fair view of the Group's financial position and performance and are in accordance with prevailing accounting standards.

An audit committee was established by the Board in June 2004. The members of the CKR audit committee during the reporting period were Messrs I. T. Limb (appointed 8 July 2008), S A Richardson and M Drummond, the former two both independent non-executive directors and the latter an executive director and the Company Secretary.

The committee was not comprised of non-executive directors only but did have a majority of independent directors and at least three members. It therefore did not comply with certain components of Council recommendation 4.2 during all or part of the reporting period.

The external auditor, Managing Director and Chief Financial Officer are invited to meetings of the audit committee at the discretion of the committee. The committee meets at least twice per year.

The objectives of the audit committee are to:

- ensure the integrity of external financial reporting,
- ensure that the directors are provided with financial and non financial information that is of high quality and relevant to the evaluations and decisions to be made by the Board,
- ensure that controls are established, maintained and adhered to in order to safeguard the company's financial and physical resources,
- ensure that systems or procedures are in place and operational so that the company complies with relevant statutory, regulatory and reporting requirements,
- assess financial risks arising from the company's operations, and consider the adequacy of measures taken to moderate those risks, and
- liaise with external auditors periodically and, at least, each six monthly reporting period.

Corporate Governance Statement

In June 2004, the Board adopted a formal Charter for the audit committee. The Charter is structured so as to separately address objectives, membership, authority, responsibilities and procedures of the committee.

CONTINUOUS DISCLOSURE TO ASX

The Board is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approves each proposed announcement to ASX before it is released. The Company Secretary is responsible, under the ASX Listing Rules, for all communications with ASX. The Chairman, Managing Director and Director/Company Secretary belong to a Disclosure Committee, assisted by the Chief Financial Officer, established during the reporting period, to manage the company's continuous disclosure reporting obligations.

COMMUNICATIONS WITH SHAREHOLDERS

It is the policy of the company to communicate with shareholders and other stakeholders in an open, regular and timely manner so that those persons and the market are informed of all major developments affecting the company and have sufficient information to make informed investment decisions on the operations, results and prospects of the company. Mechanisms used to communicate with shareholders include:

- the statutory financial report is distributed to all shareholders who have "opted in" as that term is now understood and otherwise made available in accordance with the Corporations Act 2001. The Board also ensures that the statutory financial report is made available to any shareholder requesting it at the annual general meeting,
- the half yearly report as at 31 December contains condensed financial information and a review of the operations of the consolidated entity during the period. This financial report is sent to any shareholder requesting it,
- circular information letters,
- using Computershare Investor Services, the company's share registry service provider, to facilitate the electronic delivery of specific documents to shareholders as permitted by the Corporations Act if so requested by shareholders,
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders pursuant to ASX Listing Rules, and
- notices of all meetings of shareholders (and attachments) in printed or electronic form.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability, understanding of and identification with the Group's strategy and goals. Important issues are segregated and presented to the shareholders as single resolutions as a matter of course. Generally, every shareholder meeting is followed by a presentation by the Chairman and/or Managing Director and shareholders are encouraged to ask questions.

Annual General Meetings are generally held in Adelaide.

CKR's external auditor is required by law to attend the AGM to answer queries relevant to, *inter alia*, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

Corporate Governance Statement

RISK MANAGEMENT

The Board, with the assistance of its audit committee, is responsible for the oversight of the Group's risk management and control framework. The company has implemented a policy framework designed to ensure that the Group's risks are identified and that controls are adequate, in place and functioning effectively. Management is required to design and implement the risk management and internal control system to manage the company's material business risks and report to the Board (through the audit committee) on whether those risks are being managed effectively. The effectiveness of the risk management and internal control system is reviewed periodically by the Board. The Managing Director and Chief Financial Officer have ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk are highlighted in the annual strategic plan presented to the Board by the Managing Director.

Arrangements put in place by the Board to monitor risk management include:

- reporting to each Board meeting in respect of operations and the financial position of the Group by the CEO and the CFO,
- reports to the Board by the Chairperson of the audit committee after each meeting of that committee,
- attendance of appropriate managers/personnel at Board meetings whenever required by the Board,
- presentations to the Board by appropriate managers/personnel (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which have been or can be adopted to manage or mitigate the risk.

Senior managers have reported to the Board as to the effectiveness of the company's management of its material business risks and the Board has received assurance from its Chief Executive Officer and Chief Financial Officer that the declaration given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

PERFORMANCE

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. The Chairperson conducts confidential discussions with each director in relation to matters such as work programme, interaction with management and perceived strengths and weaknesses of the Board and its committees. The Company Secretary is accountable to the Board, through the Chairperson, on all governance and best practice matters. After discussion between the Chairperson and the Company Secretary, any significant performance related issues identified, or changes recommended, are referred to the Board for action in its ongoing development programme.

A performance evaluation of the Board and Directors took place in the reporting period and was in accordance with the process disclosed.

Corporate Governance Statement

The Board is responsible for the appointment of the Managing Director and conducts an annual review of his performance as Chief Executive Officer of the company. The performance of the company's other key executives is also reviewed annually by the Board, taking in to consideration the views and recommendations of the CEO in this regard.

A performance evaluation of senior executives took place in the reporting period and was in accordance with the process disclosed.

REMUNERATION

Details of the remuneration of the directors and certain key executives are disclosed in the Remuneration Report, forming part of the Directors' Report. The remuneration policy adopted by the Board is also described in that Remuneration Report.

During the year, the company had a remuneration committee comprising the two non-executive independent directors (Messrs S. A. Richardson and I. T. Limb) and the CEO (Mr P. Perrin). The committee was chaired by Mr Richardson but did not have a formal charter.

It is and has been the policy of the company that non-executive directors should not be provided with retirement benefits other than statutory superannuation and should be remunerated by way of fixed fees without any equity-based remuneration. However, the Board acknowledges the fact that, in the company's circumstances and given the state of the wine sector, the services of an outstanding non-executive candidate for the Board may not be able to be secured without offering a component of equity-based remuneration.

Details of options issued by the company in earlier years are set out in the Remuneration Report on pages 11 to 18 and the Annual Report on pages 66 to 67. No options were issued during the reporting period.

It is the policy of the company that persons to whom options have been issued should not enter into any transaction in any associated product which is designed to limit the economic risk of participating in unvested entitlements under an equity-based remuneration scheme.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

INTERESTS OF STAKEHOLDERS

The company has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. To ensure this occurs, the Group conducts its business within the Code of Ethics, outlined under "Ethical and Responsible Decision Making" above, and in accordance with the Group's core values, which are to:

- act with integrity and fairness,
- create a safe, challenging and rewarding workplace,
- respect and protect the environment,
- be commercially competitive and,
- foster a performance driven culture.

Corporate Governance Statement

The Board has responsibility for protecting, guiding and monitoring the business affairs of the company in the interests and for the benefit of stakeholders.

To fulfil this role, the Board is responsible for the strategic direction of the business, establishing goals for management and monitoring the achievement of goals directly and through its established committees. Responsibility for day to day activities of the entity is delegated to the CEO. The company's Board and management jointly strive to achieve best practice in meeting their responsibilities for the business and affairs of the company. To this end, the Board holds formal meetings at least bi-monthly and informal meetings in person or by telephone hook-up on a weekly basis.

Directors' Declaration

Subject to the uncertainty over the completeness of source documentation as disclosed in Note 2, the Directors of the company declare that:

1. the attached financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards;

    b. give a true and fair view of the financial position as at 30 June 2010 and the performance for the year ended on that date of the company and consolidated Group; and

    c. comply with International Financial Report Standards as disclosed in Note 2.

2. the Chairman and Company Secretary have each declared that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Stephen Evans
Chairman

Dated 7 June 2011

Statement of Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		Company	
	Note	2010 $	2009 $	2010 $	2009 $
Discontinued operations					
Revenue	5	9,736,083	17,622,000	-	-
Cost of sales		(8,356,287)	(15,566,000)	-	-
Gross profit		1,379,796	2,056,000	-	-
Other revenue	5	1,561	15,000	-	5,000
Sales and marketing expenses		(1,027,607)	(1,699,000)	-	-
Administration expenses		(5,082,288)	(3,305,000)	(739,858)	(1,407,000)
Loss on sale of brand names		-	(1,525,000)	-	(1,525,000)
Loss on sale of other assets		(807)	(22,000)	-	-
Bad and doubtful debts		-	(590,000)	-	-
Write down of inventory		(2,467,568)	(4,118,000)	-	-
Onerous grape contracts		-	(2,614,000)	-	-
Impairment of investment in subsidiaries	5, 8	-	-	-	(33,406,000)
Impairment of amounts due from fellow subsidiaries		-	-	(20,963,010)	(7,472,000)
Impairment of goodwill and brand names	5, 11, 12	(6,802,000)	(40,119,000)	-	(3,000,000)
Impairment of other assets		(13,036,166)	(205,000)	(2,053,727)	-
Finance costs	5	(1,401,443)	(2,049,000)	(1,395,105)	(1,756,000)
Loss before income tax expense	5	(28,436,522)	(54,175,000)	(25,151,700)	(48,561,000)
Income tax (expense)/benefit	6	-	(4,481,000)	-	(4,816,000)
Loss for the year		(28,436,522)	(58,656,000)	(25,151,700)	(53,377,000)
Total comprehensive loss for the period		(28,436,522)	(58,656,000)	(25,151,700)	(53,377,000)
Total comprehensive loss attributable to members of the parent entity		(28,436,522)	(58,656,000)	(25,151,700)	(53,377,000)

Earnings per share:		$	$
Discontinued operations:			
Basic earnings per share	22	(3.36)	(15.93)
Diluted earnings per share	22	(3.36)	(15.93)

The accompanying notes form part of these financial statements

Statement of Financial Position
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $	Company 2010 $	Company 2009 $
Current assets					
Cash and cash equivalents	27(a)	73,193	104,000	73,193	43,000
Trade and other receivables	7	20,185	3,123,000	20,185	16,000
Inventories	9	-	9,716,000	-	-
Other	13	-	76,000	-	7,000
		93,378	13,019,000	93,378	66,000
Assets classified as held for sale	14	7,586,962	-	-	-
Total current assets		7,680,340	13,019,000	93,378	66,000
Non-current assets					
Other financial assets	8	-	-	-	22,560,000
Property, plant and equipment	10	585,000	17,400,000	585,000	2,805,000
Other intangible assets	12	-	7,000,000	-	-
Total non-current assets		585,000	24,400,000	585,000	25,365,000
Total assets		8,265,340	37,419,000	678,378	25,431,000
Current liabilities					
Trade and other payables	15	105,087	9,118,000	105,087	323,000
Borrowings	16	18,762,120	18,278,000	18,762,120	18,278,000
Provisions	17	-	746,000	-	-
Other		-	266,000	-	-
		18,867,207	28,408,000	18,867,207	18,601,000
Liabilities directly associated with assets classified as held for sale	14	10,690,784	-	-	-
Total current liabilities		29,557,991	28,408,000	18,867,207	18,601,000
Non-current liabilities					
Borrowings	16	-	-	-	-
Provisions	17	-	2,000,000	-	-
Total non-current liabilities		-	2,000,000	-	-
Total liabilities		29,557,991	30,408,000	18,867,207	18,601,000
Net (liabilities)/assets		(21,292,651)	7,011,000	(18,188,829)	6,830,000
Equity					
Issued capital	18	76,728,490	76,728,490	76,728,490	76,728,490
Reserves	20	-	118,000	-	118,000
Accumulated losses	21	(98,021,141)	(69,835,490)	(94,917,319)	(70,016,490)
Total equity		(21,292,651)	7,011,000	(18,188,829)	6,830,000

The accompanying notes form part of these financial statements

Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated					Company				
	Fully paid ordinary shares	Contributed equity	Equity-settled employee benefits reserve	Retained earnings	Total	Fully paid ordinary shares	Contributed equity	Equity-settled employee benefits reserve	Retained earnings	Total
	$	$	$	$	$	$	$	$	$	$
Balance at 30 June 2008	68,393,490	6,000,000	56,000	(11,178,490)	63,271,000	68,393,490	6,000,000	56,000	(16,639,490)	57,810,000
Total comprehensive income for the year	-		-	(58,657,000)	(58,657,000)	-	-	-	(53,377,000)	(53,377,000)
Issue of options under share option plan	-	-	62,000	-	62,000	-	-	62,000	-	62,000
Issue of shares for placement (note 18)	471,000	-	-	-	471,000	471,000	-	-	-	471,000
Issue of shares under capital raising (note 18)	1,975,000	-	-	-	1,975,000	1,975,000	-	-	-	1,975,000
Issue of shares for acquisition (note 18)	6,000,000	-	-	-	6,000,000	6,000,000	-	-	-	6,000,000
Share issue costs (net of tax) (note 18)	(111,000)	-	-	-	(111,000)	(111,000)	-	-	-	(111,000)
Shares to be issued under business combination (note 18)	-	(6,000,000)	-	-	(6,000,000)	-	(6,000,000)	-	-	(6,000,000)
Balance at 30 June 2009	76,728,490	-	118,000	(69,835,490)	7,011,000	76,728,490	-	118,000	(70,016,490)	6,830,000
Balance at 1 July 2009	76,728,490	-	118,000	(69,835,490)	7,011,000	76,728,490	-	118,000	(70,016,490)	6,830,000
Total comprehensive income for the year	-	-	-	(28,436,522)	(28,436,522)	-	-	-	(25,151,700)	(25,151,700)
Issue of options under share option plan	-	-	132,871	-	132,871	-	-	132,871	-	132,871
Options forfeited or lapsed during the year	-	-	(250,871)	250,871	-	-	-	(250,871)	250,871	-
Balance at 30 June 2010	76,728,490	-	-	(98,021,141)	(21,292,651)	76,728,490	-	-	(94,917,319)	(18,188,829)

The accompanying notes form part of these financial statements

Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		Company	
	Note	2010 $	2009 $	2010 $	2009 $
Cash flows from operating activities					
Receipts from customers		9,820,000	24,828,000	23,000	-
Payments to suppliers and employees		(8,185,925)	(22,469,000)	(719,702)	(283,000)
Interest and other costs of finance paid	5	(1,401,443)	(1,921,000)	(1,395,105)	(1,628,000)
Interest received	5	1,561	15,000	-	5,000
Net cash provided by/(used in) operating activities	27(d)	234,193	453,000	(2,091,807)	(1,906,000)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		62,000	503,000	41,000	-
Purchase of property, plant and equipment	10	(16,000)	(126,000)	-	-
Proceeds from sale of brands		-	200,000	-	200,000
Net cash provided by/(used in) investing activities		46,000	577,000	41,000	200,000
Cash flows from financing activities					
Proceeds from issues of equity securities	18	-	2,187,000	-	2,187,000
Payment for share issue costs		-	(61,000)	-	(61,000)
Proceeds from borrowings		484,000	700,000	2,081,000	6,610,000
Repayment of borrowings		-	(7,326,000)	-	(7,326,000)
Net cash (used in) financing activities		484,000	(4,500,000)	2,081,000	1,410,000
Net increase/(decrease) in cash and cash equivalents		764,193	(3,470,000)	30,193	(296,000)
Cash at the beginning of the year		104,000	3,574,000	43,000	339,000
Cash and cash equivalents at the end of the financial year	27(a)	868,193	104,000	73,193	43,000

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1. General information

CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) (the company) is a listed public company, incorporated in Australia and operating in South Australia.

CRW Holdings Limited's (previously known as Cockatoo Ridge Wines Limited) registered office and its principal place of business are as follows:

Registered office	Principal place of business
C/- RJC Evans & Co Pty Ltd	C/- RJC Evans & Co Pty Ltd
116 Greenhill Road	116 Greenhill Road
Unley, SA 5061	Unley, SA 5061

The entity's principal activities are the production and sale of packaged and bulk wines.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ("IFRS"). The financial statements were authorised for issue by the directors on 7 June 2011.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments and the limitations listed below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Completeness of Financial Records

The financial report has been prepared after consideration and evaluation of the information available, having regard to the following events:

- On 20 January 2010, the company and four of its subsidiaries were placed in voluntary administration by the directors (refer also "Review of operations and changes in state of affairs"). As a result of this, the directors at that time no longer had full control over the running of the company and there was a subsequent loss of key administrative staff.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

- The company entered into a Deed of Company Arrangement ("DOCA") pursuant to the Corporations Act 2001 as approved at a Creditors Meeting dated 18 May 2010. This resulted in:
  - The company agreeing to sell all of its four wholly-owned subsidiaries to an unrelated third party for a nominal amount;
  - Sale of title of the Cockatoo Ridge brand and the winery situated at Monash by the secured creditor towards repayments of its secured debt; and
  - The unsecured creditors agreeing to receive a final dividend in full satisfaction of amounts owing on completion of the reconstruction.

The sale of the wholly-owned subsidiaries resulted in the books and records and in particular the underlying source documents including sales invoices, supplier invoices and statements, inventory listings, inventory costing records, grape supply contracts, receivables listings, payables listings, fixed asset schedules and other critical documents being transferred to the purchaser. The Directors have not been able to obtain this information from the purchaser and as a result of these and the other events described above, the Directors have not been able to satisfy themselves as to the completeness of the documentation. The Directors have compiled these financial statements based upon reconstructing the trial balance based on information obtained from:

- Limited financial records retained by the company after its wholly-owned subsidiaries containing material operations of the Group were sold pursuant to the DOCA;
- Information contained within the DOCA;
- BDO Kendalls (SA), the administrators appointed by the company;
- Former employees and Executive Directors; and
- External customers, suppliers and financiers.

Based on the opinion of the Directors, the Annual Report has been prepared as accurately as possible based on the limited access to critical source information.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of key sources of estimation uncertainty in applying the entity's accounting policies.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

Going Concern
Satisfaction of conditions in the Deed of Company Arrangement
During the year, the creditors of the Group entered into a Deed of Company Arrangement ("DOCA"). The DOCA has several conditions attached to it as disclosed in the Directors' Report. Of those disclosed, the following conditions have as yet not been executed:

- The Australian Securities Exchange having given final approval in writing the re-quoting of the securities issued by the company and having waived the requirements of Chapters 1 and 2 of the Listing Rules (the company has received conditional approval);
- Unless ASIC waives such requirement, the company will have to prepare and lodge financial statements for the company for the period ended 31 December 2009, which comply with Chapter 2M of the Corporations Act; and
- The non-participating creditors (other than the secured creditor and those who were parties to the Deed) having agreed by deed poll to release the company from all liabilities.

Once all conditions have been met, the Trustee of the creditors trust established under the DOCA will make a final payment to all trust creditors in exchange for full satisfaction of all unsecured debt of the company.

Successful capital raising
The Company is intending to raise approximately $2.8 million in additional capital by issuing a Prospectus on or about 30 June 2011, for the purposes of an offer of 280,000,000 Ordinary Shares at $0.01 per Ordinary Share. This is expected to be sufficient financing for the foreseeable future.

In the event that the above initiatives are unsuccessful, there is significant uncertainty whether the Company and consolidated entity will be able to continue as going concerns, and therefore whether they will be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial report does not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company and consolidated entity not continue as going concerns.

a. Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries)(referred to as "the Group" in these financial statements). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the company, intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

b. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

c. Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the year end date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

e. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

f. Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 29.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

The fair value determined at the grant date of the equity-settled share-based payments is expenses on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

g. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior period is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred income tax is provided on all temporary differences at the year end date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the year end date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation
The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) is the head entity in the tax-consolidated group.
Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "stand-alone taxpayer" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in note 6.

h. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and cash in hand and short term deposits with an original maturity of six months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.
Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

i. **Finance costs**

Finance 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 of sale. Other costs are expensed as incurred.

j. **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

k. **Financial instruments**

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

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 stated at amortised cost using the effective interest rate method.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

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l. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

m. **Property, plant and equipment**

Land and buildings are carried in the statement of financial position at fair value, less any subsequent accumulated depreciation. Fair value is determined on the basis of the disposal proceeds received subsequent to year end. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the year end date.

Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings	10 - 40 years
Equipment under finance lease	3 years
Plant and equipment	2 - 33 years

n. **Borrowing Costs**
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

o. **Leased Assets**
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessee
Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 2(m). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

p. **Goodwill**

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

q. **Intangible Assets**

Brand names and trademarks

Brand names and trademarks recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note 2(q).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses.

r. **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease (refer note 2(i)).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer note 2(i)).

s. Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

u. Financial instruments issued by the company

Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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FOR THE YEAR ENDED 30 JUNE 2010

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- The amount of the obligation under the contract, as determined in AASB 137 'Provisions, Contingent Liabilities and Contingent Assets': and
- The amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies described in note (2d).

v. Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

w. 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 that 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 that adoption of these standards and interpretations has had on the financial statements.

AASB 3: Business Combinations

AASB 3(2008) has been adopted in the current year. Its adoption has affected the accounting for business combination in the current period.

In accordance with the relevant transitional provisions, AASB 3(2008) has been applied prospectively to business combinations for which the acquisition date is on or after 1 July 2009. The impact of the adoptions of AASB 3(2008) Business Combinations has been:

- To allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

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FOR THE YEAR ENDED 30 JUNE 2010

- To change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the "measurement period" (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- Where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- To require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

AASB 8: Operating Segments

In February 2007, the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. Consequently, some of the required operating segment disclosures have changed. In addition, there is a possible impact on the impairment testing of goodwill allocated to cash generating units (CGUs) of the entity. Set out below is an overview of the key changes and the impact on the Consolidated group's financial statements.

Identification and measurement of segments - AASB 8 requires a "management approach" to the identification, measurement and disclosure of operating segments. This approach requires that segments are identified on the basis of internal reports that are regularly reviewed by management, for the purpose of allocating resources and assessing performance. Unlike AASB 114 this could identify segments that primarily or exclusively sell to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. The adoption of the management approach to segment reporting has identified reportable segments largely consistent with the prior year.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. An overview of the key impacts on the Consolidated group's financial statements is set out below.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements and the change of the term "minority interests" to "non-controlling interests."

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be recognised in the statement of changes in equity, with all other changes in equity to be recognised in a new statement of comprehensive income. Previously, all changes in equity were recognised in the statement of changes in equity.

Statement of comprehensive income - The revised standard requires that all income and expenses are presented in either a single statement of comprehensive income or in two statements, one being a separate income statement as well as a new statement of comprehensive income.
Previously, only an income statement was required. The Consolidated group has adopted the single statement approach.

Other comprehensive income - The revised standard introduces the concept of "other comprehensive income" which comprises income and expenses that are not recognised in profit or loss as required by Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

x. 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. A discussion of those future requirements and their impact on the Group follows:

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

3. Key sources of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangibles have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of other intangible assets at balance date was $198 thousand after an impairment loss of $6.802 million was assessed. Details of the impairment testing are provided at note 12.

Carried forward tax losses

Accumulated tax losses of $4.48 million were de-recognised in the prior year as a deferred tax asset by the Group. The directors have assessed the recognition criteria of these losses in light of forecast profitability of the Group.

Onerous contracts

The Group has recognised $2.61 million as provisions for onerous contracts relating to grape purchase contracts. The directors have assessed the amount of the provision based on the present value of the estimated future cash outflows expected to arise under these agreements.

4. Operating segments

Information on business segments

For management purposes the Group reports its primary segment information into the following:

- Packaged wine - This includes the bottling and packaging of wine into the various labels under CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) control for sale in Australia and overseas.
- Bulk wines - After the crushing and processing of grapes at the Monash winery, bulk wine sales are to customers in Australia and overseas.
- Other - Storage and processing fees for the use of facilities in the Barossa Valley and Monash winery.

Notes to the Financial Statements
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Segment revenues

	Segment Revenue		Segment Result			
	Year ended		Year ended			
	2010 $	2009 $	2010 $ before significant items (i)	2010 $ after significant items	2009 $ before significant items (i)	2009 $ after significant items
Discontinued operations						
Packaged wine	6,066,318	11,216,000	3,694,847	(3,752,994)	(57,000)	(10,721,000)
Bulk wine	2,632,982	5,950,000	(2,509,555)	(18,976,752)	(1,248,000)	(36,248,000)
Other	1,036,783	456,000	776,201	776,201	456,000	456,000
Interest revenue	-	-	1,561	1,561	15,000	15,000
Finance costs	-	-	(1,401,443)	(1,401,443)	(2,049,000)	(2,049,000)
Administration costs (i)	-	-	(5,083,095)	(5,083,095)	(3,308,000)	(5,628,000)
	9,736,083	17,622,000	(4,521,484)	(28,436,522)	(6,191,000)	(54,175,000)

(i) refer to note 5(b) for details of significant expenses

Other segment information

	Acquisition of segment assets		Dep'n and amort'n of segment assets		Impairment of segment assets	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Packaged wine	-	126,000	118,686	160,000	7,448,000	10,664,000
Bulk wines	-	-	613,000	628,000	14,857,734	32,387,000
Other	-	-	-	-	-	-
Unallocated	-	-	-	6,000	-	205,000
	-	126,000	731,686	794,000	22,305,734	43,256,000

5. Revenue and expenses

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
(a) Revenue and other income				
Revenue from the sale of goods	9,736,083	17,622,000	-	-
Interest revenue:				
Bank deposits	1,561	15,000	-	5,000
	9,737,644	17,637,000	-	5,000

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
(b) Expenses				
Impairment				
Impairment of investments	-	-	-	(33,406,000)
Impairment of amounts due from	-	-	(20,963,010)	(7,472,000)
Impairment of goodwill and brand	(6,802,000)	(40,119,000)	-	(3,000,000)
Impairment of trade receivables	-	(590,000)	-	-
Impairment of other assets	(13,036,166)	(205,000)	(2,053,727)	-
Total impairment of non-current assets	(19,838,166)	(40,914,000)	(23,016,737)	(43,878,000)
Inventory				
Write down of inventory to net realisable value	(2,467,568)	(4,118,000)	-	-
	(2,467,568)	(4,118,000)	-	-
Finance costs				
Interest on bank overdrafts and loans	(1,401,443)	(2,049,000)	(1,395,105)	(1,756,000)
Total finance costs	(1,401,443)	(2,049,000)	(1,395,105)	(1,756,000)
Depreciation				
Depreciation of non-current assets	(731,686)	(794,000)	(104,583)	(157,000)
	(731,686)	(794,000)	(104,583)	(157,000)
Gains and losses				
Loss on disposal of property, plant and equipment	(807)	(22,000)	-	-
Loss on sale of brand names	-	(1,525,000)	-	(1,525,000)
Net foreign exchange gains/(losses)	9,304	(6,000)	-	-
	8,497	(1,553,000)	-	(1,525,000)
Employees benefits expense				
Wages, salaries, directors fees and other remuneration expenses	(1,311,166)	(2,068,000)	(199,369)	(336,000)
Defined contribution plan expense	(103,177)	(154,000)	(14,034)	(24,000)
Share-based payments expense	(131,869)	(62,000)	(131,869)	(62,000)
	(1,546,212)	(2,284,000)	(345,272)	(422,000)

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

6. Income tax

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Tax expense comprises:				
De-recognition of deferred tax assets brought forward	-	4,481,000	-	4,816,000
Total tax expense	-	4,481,000	-	4,816,000

The prima facie income tax on pre-tax accounting loss from operations reconciles to the income tax in the financial statements as follows:

Loss from operations	(28,436,522)	(54,175,000)	(25,151,700)	(48,561,000)
Income tax benefit calculated at 30%	(8,530,957)	(16,253,000)	(7,545,510)	(14,568,000)
Add tax effect of:				
Non deductible expense	-	-		-
Less:				
Impairment of assets not recognised as deferred tax asset	6,691,720	12,097,000	6,905,000	13,163,000
Equity raising cost amortisation charged to equity	-	(36,000)		(36,000)
Effect of expenses that are not deductible in determining taxable loss	1,839,237	1,868,000	640,510	442,000
Unused tax losses and temporary differences not recognised as deferred tax assets	-	2,324,000		999,000
De-recognition of deferred tax assets brought forward	-	4,481,000	-	4,816,000
	-	4,481,000	-	4,816,000

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

No deferred tax asset has been recognised as the company has incurred losses and there is uncertainty whether forecast future taxable profits will be realised that will utilise the tax losses.

Relevance of tax consolidation to the consolidated entity
CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) and its wholly owned subsidiaries have formed a tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited). The members of the tax consolidated group are identified at note 26.

Notes to the Financial Statements
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Nature of tax funding arrangement and tax sharing agreements
Entities within the tax-consolidated Group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) and each of the entities in the tax-consolidated Group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax funding arrangement requires each subsidiary to prepare an individual tax calculation to determine the amount payable or receivable. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated Group.

The tax sharing agreement entered into between members of the tax-consolidated Group provides for the determination of the allocation or income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Tax assets and liabilities

	Consolidated		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
(a) Assets				
Current				
Income tax refundable	-	-	-	-
	-	-	-	-
Non-current				
Deferred tax	-	-	-	-
	-	-	-	-

Notes to the Financial Statements
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	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
(b) Reconciliations				
(i) Gross movements				
The overall movement in the deferred tax balances is as follows:				
Opening balance	-	4,481,000	-	4,816,000
Charge to the income statement	-	(4,481,000)	-	(4,816,000)
Closing balance	-	-	-	-
(ii) Deferred tax assets				
The movement in deferred tax asets for each temporary difference during the year is as follows:				
Provisions				
Opening balance	-	408,000	-	22,000
Charge to the income statement	-	(408,000)	-	(22,000)
Closing balance	-	-	-	-
Impairment of investments				
Opening balance	-	202,000	-	1,777,000
Charge to the income statement	-	(202,000)	-	(1,777,000)
Closing balance	-	-	-	-
Equity raising costs				
Opening balance	-	108,000	-	108,000
Charge to the income statement	-	(108,000)	-	(108,000)
Closing balance	-	-	-	-
The movement in deferred tax assets from tax losses during the year is as follows:				
Carry forward tax losses (revenue				
Opening balance	-	3,763,000	-	2,909,000
Charge to the income statement	-	(3,763,000)	-	(2,909,000)
Closing balance	-	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

7. Trade and other receivables

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Trade receivables (i)	-	2,683,000	-	-
Allowance for doubtful debts	-	(123,000)	-	-
	-	2,560,000	-	-
Other	-	168,000	-	16,000
Goods and services tax recoverable	20,185	395,000	20,185	-
	20,185	3,123,000	20,185	16,000

(i) The average credit period on sales of goods is 60 days. No interest is charged on trade receivables on the outstanding balance. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods, determined by reference to past default experience. Trade receivables greater than 90 plus days are provided for based on estimated recoverable amounts from the sale of goods and the ability to recover based on previous experience. New customers are required to fill in current application for credit forms and supply a minimum of 3 customer references. A decision is then made by management as to the acceptance of the application, based on the rating process and history of default.

Ageing of past due but not impaired:

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
31 - 60 days	-	-	-	-
61 - 90 days	-	43,000	-	-
91 plus days	-	119,000	-	-
	-	162,000	-	-

Movement in the allowance for doubtful debts:				
Balance at the beginning of the year	(123,000)	(914,000)	-	-
Additional provisions raised	(52,000)	(590,000)	-	-
Amounts recovered or written off as uncollectible	42,000	1,381,000	-	-
Reclassified as held for sale	133,000	-	-	-
Balance at the end of the year	-	(123,000)	-	-

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The carrying amount (prior to allowance for doubtful debts) of the impaired receivables is $133 thousand (2009: $123 thousand). The impaired receivables are aged at 120+ days.

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8. Other financial assets

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Investments (carried at cost less impairment charge):				
Non-current				
Loans to subsidiaries	-	-	-	22,560,000
	-	-	-	22,560,000
Disclosed in the financial statements as:				
Non-current other financial assets	-	-	-	22,560,000
	-	-	-	22,560,000

9. Inventories

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Current				
Bulk wine	-	7,836,000	-	-
Raw materials, tirage and stores	-	223,000	-	-
Finished goods	-	1,657,000	-	-
	-	9,716,000	-	-

No inventories expected to be recovered after more than 12 months.

10. Property, plant and equipment

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Freehold land				
Cost				
Balance at 1 July	300,000	300,000	-	-
Balance at 30 June	300,000	300,000	-	-
Accumulated depreciation				
Balance at 1 July	-	-	-	-
Impairment	(300,000)	-	-	-
Balance at 30 June	(300,000)	-	-	-
Net book value	-	300,000	-	-

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	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Buildings at fair value				
Cost				
Balance at 1 July	3,706,000	3,706,000	-	-
Balance at 30 June	3,706,000	3,706,000	-	-
Accumulated depreciation				
Balance at 1 July	(155,000)	(62,000)	-	-
Depreciation for the year	(93,000)	(93,000)	-	-
Impairment	(3,458,000)	-	-	-
Balance at 30 June	(3,706,000)	(155,000)	-	-
Net book value	-	3,551,000	-	-
Plant and equipment at cost				
Cost				
Balance at 1 July	16,530,000	16,989,000	3,888,000	3,888,000
Additions	16,000	126,000	-	-
Disposals	(123,000)	(585,000)	(93,000)	-
Transfer to held for sale	(15,838,000)	-	(3,210,000)	-
Balance at 30 June	585,000	16,530,000	585,000	3,888,000
Accumulated depreciation				
Balance at 1 July	(2,981,000)	(2,341,000)	(1,083,000)	(926,000)
Disposals	60,000	61000	32,000	-
Depreciation for the year	(639,000)	(701,000)	(105,000)	(157,000)
Transfer to held for sale	12,839,000			
Impairment	(9,279,000)	-	1,156,000	-
Balance at 30 June	-	(2,981,000)	-	(1,083,000)
Net book value	585,000	13,549,000	585,000	2,805,000
Total				
Cost				
Opening balance	20,536,000	20,995,000	3,888,000	3,888,000
Additions	16,000	126,000	-	-
Disposals	(123,000)	(585,000)	(93,000)	-
Transfer to held for sale	(15,838,000)		(3,210,000)	-
Balance at 30 June	4,591,000	20,536,000	585,000	3,888,000
Accumulated depreciation				
Opening balance	(3,136,000)	(2,403,000)	(1,083,000)	(926,000)
Disposals	60,000	61,000	32,000	-
Depreciation for the year	(732,000)	(794,000)	(105,000)	(157,000)
Transfer to held for sale	12,839,000	-	-	-
Impairment	(13,037,000)	-	1,156,000	-
Balance at 30 June	(4,006,000)	(3,136,000)	-	(1,083,000)
Net book value	585,000	17,400,000	585,000	2,805,000

Plant and equipment has been impaired to an amount equal to its subsequent disposal proceeds on 22 December 2010.

The following useful lives are used in the calculation of depreciation:

Buildings	10 - 40 years
Plant and equipment	2 - 33 years

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Freehold land and buildings
An independent valuation of the Group's land and buildings was performed by Colin F Gaetjens to determine market values in relation to the acquisition of Australian Commercial Wines Pty Ltd. The valuation was determined by current use of the land and buildings. The effective date of the valuation was March 2007.

11. Goodwill

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Gross carrying amount				
Balance at beginning of financial year	34,722,000	34,722,000	-	664,000
Balance at end of financial year	34,722,000	34,722,000	-	664,000
Accumulated impairment losses				
Balance at beginning of financial year	(34,722,000)	(4,897,000)	-	(664,000)
Impairment losses for the year	-	(29,825,000)	-	-
Balance at end of financial year	(34,722,000)	(34,722,000)	-	(664,000)
Net book value				
At the beginning of the financial year	-	29,825,000	-	-
At the end of the financial year	-	-	-	-

In the prior year, the Group assessed the recoverable amount of goodwill, resulting in an impairment of $29.825m. The impairment in the prior year related to the goodwill attributed to the bulk wine business following the acquisition of Australian Commercial Wines Pty Ltd. The Group's business plans were adjusted to focus on packaged sales and not bulk wine contracts which resulted in an impairment charge, based on assessment of value in use, of goodwill related to the bulk wine business in the prior year.

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12. Other intangible assets

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Brand names and trademarks				
Gross carrying amount				
Balance at beginning of financial year	22,691,000	22,691,000	-	4,725,000
Transferred to held for sale	(22,691,000)	-	-	-
Balance at end of financial year	-	22,691,000	-	4,725,000
Accumulated amortisation and impairment				
Balance at beginning of financial year	(15,691,000)	(3,672,000)	-	-
Disposals	-	(1,725,000)	-	(1,725,000)
Impairment losses for the year	(6,802,000)	(10,294,000)	-	(3,000,000)
Transferred to held for sale	22,493,000	-	-	-
Balance at end of financial year	-	(15,691,000)	-	(4,725,000)
Net book value				
At the beginning of the financial year	7,000,000	19,019,000	-	4,725,000
At the end of the financial year	-	7,000,000	-	-

At balance date, the Group assessed the recoverable amount of brand names and trademarks resulting in an impairment of $6.802m (2009: $10.294m). The recoverable value of the intangibles was assessed by reference to the subsequent sale of the brand names and trademarks on 1 October 2010 for $198,000 plus GST.

13. Other assets

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Current				
Prepayments	-	76,000	-	7,000
	-	76,000	-	7,000

14. Assets classified as held for sale

As described in note 34, the company sold a number of assets and subsidiaries subsequent to the year end. The major classes of assets and liabilities subsequently sold at the end of the reporting period are as follows:

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	30 June 2010 $
Brand names and trademarks	198,000
Property, plant & equipment	3,000,000
Other	57,962
Inventories	500,000
Trade and other receivables	3,036,000
Cash and cash equivalents	795,000
Assets classified as held for sale	7,586,962
Trade and other payables	(7,998,784)
Provisions	(2,692,000)
Liabilities associated with assets classified as held for sale	(10,690,784)
Net liabilities classified as held for sale	(3,103,822)

15. Trade and other payables

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Trade payables	-	8,029,000	-	77,000
Accrued expenses	89,632	183,000	89,632	136,000
Other payables	-	529,000	-	110,000
Goods and services tax payables	15,455	377,000	15,455	-
	105,087	9,118,000	105,087	323,000

The average credit period on purchases is 30 - 60 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Borrowings

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Unsecured - at amortised cost				
Current				
Loans from related parties (ii)	1,737,787	1,681,000	1,737,787	1,681,000
Secured - at amortised cost				
Current				
Finance loans (i)	17,024,333	16,597,000	17,024,333	16,597,000
	18,762,120	18,278,000	18,762,120	18,278,000
Disclosed in the financial statements as:				
Current borrowings	18,762,120	18,278,000	18,762,120	18,278,000
Non-current borrowings	-	-	-	-
	18,762,120	18,278,000	18,762,120	18,278,000

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(i) Fixed term loans with GE Commercial Corporation (Australia) Pty Ltd with maturity periods not exceeding 2 years (2009: 2 years). The interest rate on the loans is at an index rate plus 2.25% per annum (90 day bank bill swap rate - average bid) for the first business day of that month. They are secured by a mortgage over the Group's freehold land, buildings and all other assets of the Group. The GE facility includes the setup of a revolver facility to clear the receipts of payments and to act as the overdraft facility for the use of the Group. During the year, the consolidated entity was in breach of certain banking covenants and exceeded its facility limit which resulted in interest rate penalties and all of its finance facilities being classified as current liabilities pursuant to the covenant terms and conditions in the facility documentation entered into between the "Cockatoo" group and its financier, GE Commercial Finance ('GE').

(ii) Amounts repayable to related parties of the Group. Interest of 10% p.a. is charged on the outstanding loan balances.

17. Provisions

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Current				
Employee benefits (i)				
Balance at 1 July	124,000	117,000	-	-
Transfer to/ (from) provision	(124,000)	7,000	-	-
Closing Balance 30 June	-	124,000	-	-
Onerous contracts (ii)				
Balance at 1 July	622,000	-	-	-
Arising during the year	-	622,000	-	-
Reclassified as held for sale	(622,000)	-	-	-
Closing Balance 30 June	-	622,000	-	-
	-	746,000	-	-
Non-current				
Employee benefits				
Balance at 1 July	8,000	29,000	-	-
Transfer to/ (from) provision	(8,000)	(21,000)	-	-
Closing Balance 30 June	-	8,000	-	-
Onerous contracts (ii)				
Balance at 1 July	1,992,000	-	-	-
Arising during the year	-	1,992,000	-	-
Reclassified as held for sale	(1,992,000)	-	-	-
Closing Balance 30 June	-	1,992,000	-	-
	-	2,000,000	-	-
	-	2,746,000	-	-

Notes to the Financial Statements
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(i) The current provision for employee benefits includes $nil of annual leave entitlements accrued but not expected to be taken within 12 months (2009: $43 thousand).

(ii) The provision for onerous contracts relating to grape purchases represents the present value of payments in excess of market value. The terms of the contracts range from 1 to 5 years. Grape prices have decreased resulting in onerous contracts.

18. Issued capital

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
845,927,110 fully paid ordinary shares (2009: 845,927,110)	76,728,490	76,728,490	76,728,490	76,728,490
	76,728,490	76,728,490	76,728,490	76,728,490

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2010		2009	
	Number	$	Number	$
Fully paid ordinary shares				
Balance at beginning of financial year	845,927,110	76,728,490	287,609,363	68,393,490
Issue of shares under placement	-	-	120,460,604	471,000
Issue of shares under capital raising	-	-	395,000,000	1,975,000
Issue of shares for acquisition of subsidiary	-	-	42,857,143	6,000,000
Transaction costs relating to placement and acquisition			-	(111,000)
Balance at end of financial year	845,927,110	76,728,490	845,927,110	76,728,490

Share options granted under the employee share option plan

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in note 29 to the financial statements.

	Consolidated		Company	
	2010 No. of options	2009 No. of options	2010 No. of options	2009 No. of options
Balance at beginning of financial year	4,000,000	4,000,000	4,000,000	4,000,000
Issue of options	-	-	-	-
Exercise of options	-	-	-	-
Expired/cancelled option	(4,000,000)	-	(4,000,000)	-
Balance at end of financial year	-	4,000,000	-	4,000,000

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Summary of options issued at balance date

	Consolidated		Company	
	2010 No. of options	2009 No. of options	2010 No. of options	2009 No. of options
Unlisted remuneration options expiring 31.10.2011 (a)	-	1,000,000	-	1,000,000
Unlisted remuneration options expiring 29.11.2012 (b)	-	2,000,000	-	2,000,000
Unlisted remuneration options expiring 5.8.2012 (c)	-	500,000	-	500,000
Unlisted remuneration options expiring 28.10.2012 (d)	-	500,000	-	500,000

Terms of exercise of options issued

(a) These unlisted remuneration options were issued under the employee share option plan and are exercisable up to 31.10.2011. These share options were issued at $0.20 per share. None of these options may be exercised during the period of 12 months after their date of issue. Thereafter, and until 24 months after the date of issue, no more than 500,000 options may be exercised.

(b) These unlisted remuneration options were issued under the employee share option plan and are exercisable up to 29.11.2012. These share options were issued at $0.20 per share. None of these options may be exercised during the period of 12 months after their date of issue. Thereafter, and until 24 months after the date of issue, no more than 1,000,000 options may be exercised

(c) These unlisted remuneration options were issued under the employee share option plan and are exercisable up to 05.08.2012. These share options were issued at $0.20 per share. None of these options may be exercised during the period of 12 months after their date of issue. Thereafter, and until 24 months after the date of issue, no more than 250,000 options may be exercised.

(d) These unlisted remuneration options were issued under the employee share option plan and are exercisable up to 28.10.2012. These share options were issued at $0.20 per share. None of these options may be exercised during the period of 12 months after their date of issue. Thereafter, and until 24 months after the date of issue, no more than 250,000 options may be exercised.

19. Contributed equity

As part of the purchase consideration of Australian Commercial Wines Pty Ltd (ACW) by CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) (CKR), CKR entered into an agreement to pay the ACQ shareholders in 3 tranches. These tranches were reliant on ACW achieving targets in net profit after tax for 2007 and 2008. All 3 tranches were issued in prior years.

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	Consolidated / Company	
	At end of current period $	Previous corresponding period $
Balance at beginning of financial year	-	6,000,000
Transfer from contributed to issued	-	(6,000,000)
Balance at end of financial year	-	-

	Consolidated / Company	
	At end of current period No. of shares	Previous corresponding period No. of shares
Balance at beginning of financial year	-	42,857,142
Transfer from contributed to issued	-	(42,857,142)
Balance at end of financial year	-	-

20. Reserves

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Equity-settled employee benefits	-	118,000	-	118,000
	-	118,000	-	118,000

Equity-settled employee benefits reserve				
Balance at beginning of financial year	118,000	56,000	118,000	56,000
Share-based payment	132,871	62,000	132,871	62,000
Options forfeited or lapsed	(250,871)	-	(250,871)	-
Balance at end of financial year	-	118,000	-	118,000

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 29 to the financial statements.

21. Accumulated losses

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Balance at beginning of financial year	(69,835,490)	(11,178,490)	(70,016,490)	(16,639,490)
Net (loss) attributable to members of the parent entity	(28,436,522)	(58,657,000)	(25,151,700)	(53,377,000)
Transfer to retained earnings from share option reserve	250,871	-	250,871	-
Balance at end of financial year	(98,021,141)	(69,835,490)	(94,917,319)	(70,016,490)

Notes to the Financial Statements
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22. Earnings per share

	Consolidated	
	2010 $ per share	2009 $ per share
Basic earnings per share	(3.36)	(15.93)
Diluted earnings per share	(3.36)	(15.93)

Basic earnings per share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2010 $	2009 $
Net loss	(28,436,522)	(58,657,000)
Loss used in the calculation of basic EPS	(28,436,522)	(58,657,000)

	2010 No.	2009 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,458,865	3,682,922

The weighted average number of ordinary shares for the purposes of basic earnings per share has been calculated taking into account the consolidation of shares on a 1 for 100 basis, as detailed in the Directors' Report.

The options and contributed shares (not issued) are not dilutive as the consolidated entity recorded a net loss and as a result the basic and diluted are the same.

23. Dividends
No dividends were declared or paid during the financial year (2009: nil).

Franking account

	Consolidated	
	2010 $	2009 $
Balance at 1 July	1,404,000	1,404,000
Income tax instalments	-	-
Dividends paid	-	-
Income tax refunds	-	-
Balance at 30 June	1,404,000	1,404,000

Notes to the Financial Statements

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24. Commitments for expenditure

(a) Capital expenditure commitments

There are no capital expenditure commitments (2009: nil).

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 25 to the financial statements.

(c) Grape commitments

The company has entered into various grape purchase contracts. The purchase contracts have carrying terms, some of which extend to 2015. The company is unable to reliably quantify the grape commitments as it is unable to reliably estimate the yields expected in future periods and the weighted average district prices (basis of future purchase price).

25. Leases

Finance leases

Leasing arrangements

The company and the Group did not have any outstanding finance lease arrangements at 30 June 2010 (and 30 June 2009).

Operating leases

Leasing arrangements

Operating leases relate to office space expiring 31 October 2010 with an option to extend to 31 October 2013, and warehouse facilities with a lease term of 5 years expiring 30 June 2012, with an option to extend for a further 5 years expiring 30 June 2017.

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Non-cancellable operating lease commitments				
Not longer than 1 year	76,000	276,000	-	276,000
Longer than 1 year and not longer than 5 years	15,000	438,000	-	438,000
Longer than 5 years	-	95,000	-	95,000
	91,000	809,000	-	809,000

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26. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
Parent entity			
Cockatoo Ridge Wines Limited	Australia		
Subsidiaries			
CKR Brands Pty Ltd	Australia	100	100
Cockatoo Ridge Pty Ltd	Australia	100	100
Cockatoo Ridge Sales Pty Ltd	Australia	100	100
Cockatoo Ridge IP Pty Ltd	Australia	100	100
Playford Wine Holdings Pty Ltd	Australia	100	100
Playford Wines Pty Ltd	Australia	100	100
International Vintners (Europe) Ltd	UK	100	100
Australian Commercial Wines Pty Ltd	Australia	100	100

27. Notes to the cash flow statements

a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2010 $	Consolidated 2009 $	Company 2010 $	Company 2009 $
Cash and cash equivalents	73,193	104,000	73,193	43,000
	73,193	104,000	73,193	43,000
Cash and bank balances included in a group held for sale	795,000	-	-	-
	868,193	104,000	73,193	43,000

b) Non-cash financing and investing activities

In the prior year, CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) issued a total of 42,857,143 shares at fair value of $0.14c per share ($6,000,000) relating to the Tranche 3 share issue to finance the earlier acquisition of Australian Commercial Wines Pty Ltd.

CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) issued a total of 395,000,000 shares at fair value of $0.05c per share ($1,975,000) in relation to a capital raising carried out in the prior year. 51,858,800 new shares ($259,294) were issued in settlement of existing liabilities.

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c) Financing facilities

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Credit and standby arrangements				
Secured revolving credit facility reviewed annually:				
Amount used	5,941,716	8,011,000	5,941,716	8,011,000
Amount unused	9,058,284	6,989,000	9,058,284	6,989,000
	15,000,000	15,000,000	15,000,000	15,000,000
Loan facilities				
Secured loan - GE Commercial Corporation (Australia) Pty Ltd				
Amount used	11,082,616	8,586,000	11,082,616	8,586,000
Amount unused	-	-	-	-
	11,082,616	8,586,000	11,082,616	8,586,000

d) Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Loss for the year	(28,436,522)	(58,657,000)	(25,151,700)	(53,377,000)
Adjustments for non-cash items:				
Depreciation	731,686	794,000	104,583	157,000
Loss on sale of brand names	-	1,525,000	-	1,525,000
Impairment of assets	22,306,629	45,870,000	23,037,537	43,877,000
Share options expensed	132,871	62,000	132,871	62,000
Loss on sale of fixed assets	807	22,000	-	-
Changes in assets and liabilities				
(Increase)/decrease in inventories	7,248,000	4,017,000	-	-
(Increase)/decrease in trade and other receivables	3,102,815	7,967,000	(4,185)	(16,000)
(Increase)/decrease in prepayments	76,000	(71,000)	7,000	(5,000)
(Increase)/decrease in deferred tax assets	-	4,481,000	-	4,816,000
(Increase)/decrease in assets classified as held for sale	(3,593,964)	-	-	-
(Decrease)/increase in trade and other payables	(9,278,913)	(5,543,000)	(217,913)	1,139,000
(Decrease)/increase in provisions	(2,746,000)	(14,000)	-	(84,000)
(Decrease)/increase in liabilities associated with assets classified as held for sale	10,690,784	-	-	-
Net cash from operating activities	234,193	453,000	(2,091,807)	(1,906,000)

28. Financial instruments
a) Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimising the debt and equity balance.

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The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 18 to 21.

The Group has implemented a strategy to continue as a going concern, including entering into a Deed of Company Arrangement, selling the subsidiaries and ultimately issuing a prospectus to raise new capital. Refer to the Directors' Report for further detail.

Gearing ratio
The Group's board of directors reviews the capital structure on a semi-annual basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at year end was as follows:

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Financial Assets				
Debt (i)	18,762,120	18,278,000	18,762,120	18,278,000
Cash and cash equivalents	(73,193)	(104,000)	(73,193)	(43,000)
Net debt	18,688,927	18,174,000	18,688,927	18,235,000
Equity (ii)	(21,292,651)	7,011,000	(18,188,829)	6,830,000
Net debt to equity ratio	-88%	259%	-103%	267%

(i) Debt is defined as long and short-term borrowings, as defined in note 16.
(ii) Equity includes all capital and reserves

Externally imposed capital requirements
The Group is subject to externally imposed capital requirements by its provider of borrowings, GE Commercial Corporation (Australia) Pty Ltd.

The nature of these requirements is as follows:

- Capital expenditures of the Group in any financial year do not (in total) exceed:
- $2,000,000 for the year ended 30 June 2008;
- $2,000,000 for the year ended 30 June 2009;
- $2,000,000 for the year ended 30 June 2010;
- $2,000,000 for the year ended 30 June 2011;
  Or such other amounts as may be agreed in writing by the provider for the relevant year.
- At all times, the tangible net worth of the Group remains at least $10,000,000.
- At all times, the fixed coverage ratio of the Group (calculated by reference to the previous rolling 12 month period) is not less than 1.2 times at all times, measured as earnings before interest, tax, depreciation and amortisation, less any capital any capital expenditures divided by the total of all cash, interest and fee expense and income taxes plus scheduled payments of principal.

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The requirements are monitored on a continual basis and form part of the regular management and board reporting. At 30 June 2010, the Group had net tangible liabilities of $24.292m post impairment and was accordingly in breach of certain of its banking covenants which resulted in some non-current liabilities being reclassified as current liabilities.

b) Financial risk management objectives
The Group's financial management team provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group and identifies any exposures by degree and magnitude of risks. These risks include credit risk, liquidity and cash flow interest rate risk and currency risk. The Group actively pursues avenues to minimise the effect of these risks.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

c) Categories of financial instruments

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Financial Assets				
Loans and receivables	-	2,728,000	-	22,576,000
Cash and cash equivalents	73,193	104,000	73,193	43,000
Financial Liabilities				
Amortised cost	18,851,752	27,019,000	18,851,752	18,601,000

d) Foreign currency risk management
The Group undertakes a small proportion of its transactions denominated in foreign currencies. As a result, some exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets at the reporting date is as follows:

	Assets	
	2010	2009
	$	$
US Dollars	-	74,000

e) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed periodically.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and borrowings is limited because the counterparties are banks and a finance company with high credit-ratings assigned by international credit-rating agencies.

The company has an additional exposure relating to amounts due from wholly-owned subsidiaries. Credit risk for amounts due from wholly-owned subsidiaries is assessed against future cash flows and net assets available. The maximum exposure to credit risk without taking account of assets of the company relating to members of the deed of cross guarantee is $3.0m (2009: $23.1m).

f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The carrying amount approximates fair value because of their short term to maturity; and
- the fair value of short term financial liabilities approximates because of their short term to maturity; and
- the fair value of long term finance borrowings is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

g) Interest rate risk management

The company and the Group are exposed to interest rate risk as it borrows funds at floating interest rates. The risk is that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities. The company and Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section below.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting date. The board of directors has determined that a 50 basis point increase or decrease represents a material interest rate risk and represents management's assessment of the possible changes in interest rates.

At reporting date, if the interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would have been increased by $85,053 and decreased by $85,053 respectively (company: increase of $85,053 and decrease of $85,053 respectively). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

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h) Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturity profile of financial instruments
The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The financial liabilities are derived on undiscounted cash flows based on the earliest date on which the Group can be required to pay:

Consolidated	Average interest rate	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5+ years	Total
2010	%	$	$	$	$	$	$
Financial liabilities							
Trade payables associated with assets held for sale		6,143,000	-	-	-	-	6,143,000
Finance loans	8.08%	18,762,000	-	-	-	-	18,762,000
		24,905,000	-	-	-	-	24,905,000

Consolidated	Average interest rate	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5+ years	Total
2009	%	$	$	$	$	$	$
Financial liabilities							
Trade payables		5,969,000	965,000	1,095,000	-	-	8,029,000
Finance loans	8.08%	18,278,000	-	-	-	-	18,278,000
		24,247,000	965,000	1,095,000	-	-	26,307,000

Company	Average interest rate	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5+ years	Total
2010	%	$	$	$	$	$	$
Financial liabilities							
Trade payables		-	-	-	-	-	-
Finance loans	8.08%	18,762,000	-	-	-	-	18,762,000
		18,762,000	-	-	-	-	18,762,000

Company	Average interest rate	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5+ years	Total
2009	%	$	$	$	$	$	$
Financial liabilities							
Trade payables		22,000	56,000	-	-	-	78,000
Finance loans	8.08%	18,278,000	-	-	-	-	18,278,000
		18,300,000	56,000	-	-	-	18,356,000

Notes to the Financial Statements

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29. Share-based payments

Employee Share Option Plan

The Group has an employee option plan for directors and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, directors and senior employees may be granted options as a sign on benefit to the employment contract and participate in the option plan of the company to purchase parcels of ordinary shares at an exercise price of $0.20c per ordinary share.

Each employee share option converts into one ordinary share of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) on payment of exercise price. The options carry neither rights to dividends nor voting rights. None of the options may be exercised during the period of 12 months after the date of issue. Thereafter, and until 24 months after the date of issue, no more than half of the options may be exercised.

The options granted will automatically lapse if not exercised before expiry, or one month of the resignation of the director or senior employee, whichever is the earlier.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options Series	Grant date	Grant number	Expiry date	Exercise price $	Fair value at grant date $
(1) Issued 31 October 2006	01/11/06	1,000,000	31/10/11	0.20	0.06
(2) Issued 30 November 2007	30/11/07	2,000,000	29/11/12	0.20	0.06
(3) Issued 6 August 2007	06/08/07	500,000	05/08/12	0.20	0.05
(4) Issued 30 October 2007	30/10/07	500,000	29/10/12	0.20	0.07

Options were priced using a Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

	Options series			
Inputs into the model	**Series 1**	**Series 2**	**Series 3**	**Series 4**
Grant date share price	0.50c	0.13c	0.12c	0.14c
Exercise price	0.20c	0.20c	0.20c	0.20c
Expected volatility	48.71%	62.85%	58.92%	62.14%
Option life	5	5	5	5
Dividend yield	-	-	-	-
Risk-free interest rate	5.78%	6.17%	6.07%	6.37%

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

	2010		2009	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	4,000,000	0.20	4,000,000	0.20
Granted during the financial year	-	-	-	-
Forfeited during the financial year (ii)	(4,000,000)	0.20	-	
Exercised during the financial year (i)	-	-	-	-
Cancelled during the financial year	-	-	-	-
Balance at end of the financial year	-	-	4,000,000	0.20
Exercisable at end of the financial year	-		2,500,000	

(i) No share options granted under the employee share option plan were exercised during the financial year (2009: nil).
(ii) All share options granted under the employee share option plan lapsed during the financial year due to the resignation of the option holders.

30. Key management personnel compensation

Details of key management personnel
The directors and other members of key management personnel of the Group during the year were:
- I T Limb (Non-executive Director)(resigned 31 January 2011)
- P J Perrin (Managing Director)(resigned 13 November 2009)
- S Richardson (Chairman, Non-executive Director)(resigned 30 September 2010)
- M J S Drummond (Executive Director and Company Secretary)
- H Herbst (Chief Financial Officer)(resigned subsequent to year end)
- A Thompson (National Sales Manager)(resigned subsequent to year end)
- M Starick (Operations Manager)(resigned subsequent to year end)

Key management personnel compensation policy
Compensation packages contain the following key elements:
- Salary/fees
- Benefits including the provision of motor vehicles, superannuation and wine allowance
- Incentive scheme being share options under the Employee Share Option plan as disclosed in note 29.

Other than the amounts disclosed in the column for bonuses and equity-settled options, all other amounts are fixed as part of the individual executive's remuneration. The remuneration is fixed where the only variable is on sign-on, being the granting of options in relation to the role to which they have been appointed.

The company's policy for determining the nature and amount of emoluments of board members and senior executives is as follows:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

The compensation structure for key management personnel, including executive directors, is based upon a number of factors, including length of service, particular experience of the individual concerned and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, key management personnel are paid employee benefit entitlements accrued to date of retirement. All key management would be paid 25% of their salary in the event of redundancy.

The Group has an employee option plan for directors and senior employees of the Group. In accordance with the provisions of the plans, as approved by shareholders at a previous annual general meeting, directors and senior employees are granted share options as an initial sign on benefit following their appointment. The options issued are not performance related. Any options not exercised before or on the date of termination lapse.

Remuneration and other terms of employment for executives are reviewed annually by the Board having regard to the individual's performance against goals and business plans, comparative data and employment market conditions and independent expert advice.

No bonuses have been paid or are payable in the current year.

The objectives of the reward schemes are to both reinforce the short and long term goals of the company and to provide a congruent interest between management and shareholders.

Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	Consolidated		Company	
	2010 $	2009 $	2010 $	2009 $
Short-term employee benefits	639,254	987,547	200,951	437,096
Post employment benefits	53,043	66,694	15,534	25,120
Termination payments	-	-	-	-
Share-based payments	-	85,896	-	63,411
	692,297	1,140,137	216,485	525,627

The compensation of each member of the key management personnel of the Group for the current and prior years is set out below:

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FOR THE YEAR ENDED 30 JUNE 2010

	Short-term employee benefits		Post employment benefits	Share based payments	Total
	Salary & Fees $	Non-monetary $	Superannuation $	Options $	$
P Perrin (i)					
2010	132,605	15,163	11,934	-	159,702
2009	250,000	40,714	22,240	63,411	376,365
M Drummond					
2010	40,000	-	3,600	-	43,600
2009	32,000	25,348	2,880	-	60,228
I T Limb (ii)					
2010	-	13,183	-	-	13,183
2009	27,197	21,837	-	-	49,034
S Richardson (iii)					
2010	-	-	-	-	-
2009	40,000	-	-	-	40,000
M Starick					
2010	140,000	21,536	12,600	-	174,136
2009	140,000	18,163	12,261	14,644	185,068
A Thompson					
2010	157,500	-	14,175	-	171,675
2009	157,500	1,000	12,552	7,841	178,893
H Herbst					
2010	119,267	-	10,734	-	130,001
2009	4,969	-	447	-	5,416
D Lister (iv)					
2010	-	-	-	-	-
2009	65,596	8,666	4,829	-	79,091
R Hunt (v)					
2010	-	-	-	-	-
2009	139,556	15,001	11,485	-	166,042
Total					
2010	589,372	49,882	53,043	-	692,297
2009	856,818	130,729	66,694	85,896	1,140,137

(i) P Perrin resigned on 13 November 2009.
(ii) I T Limb resigned on 31 January 2011.
(iii) S Richardson resigned on 30 September 2010.
(iv) D G Lister resigned on 1 November 2008.
(v) R W Hunt resigned on 15 June 2009.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

Contracts for services of key management personnel
The employment conditions of the Managing Director and key management personnel are formalized in contracts of employment. The Managing Director and certain key management personnel are employed under varying fixed period contracts, each of which continues to roll forward for 12 months every anniversary date.

The company may terminate the Managing Director's employment contract without cause by providing 3 months' written notice or by making payment based on his annual salary component in lieu of notice. Termination payments are generally not payable on resignation and never on dismissal for serious misconduct. In the instance of serious misconduct, the company can terminate employment at any time. Major provisions of the employment agreements in force are set out below:

Managing Director
- Term of agreement - no fixed term
- Base Salary - $220,000 reviewed annually
- Employer or employee may terminate employment on giving of three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice
- Long term incentive in the form of options over ordinary shares in the company in line with the Group options policy.

All other executives (as listed earlier)
- Term of agreement - no fixed term
- Base salary exclusive of superannuation to be reviewed annually
- Employer or employee may terminate employment on giving of between one and three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to the base salary for the unexpired period of notice
- Long term incentive in the form of options over ordinary shares in the company in line with the Group options policy.

31. Related party transactions

a) Equity interests in related parties
Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 26 to the financial statements.

b) Transactions with key management personnel
i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 30 to the financial statements.

ii. Loans to key management personnel

There were no loans granted to key management personnel during the financial year (2009: nil).

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FOR THE YEAR ENDED 30 JUNE 2010

iii. Key management personnel equity holdings
Fully paid ordinary shares of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited):

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2010						
M Drummond	1,000,000	-	-	-	1,000,000	-
I Limb	22,425,520	-	-	-	22,425,520	-
P Perrin	2,141,999	-	-	-	2,141,999	-
S Richardson	32,463,536	-	-	-	32,463,536	-
2009						
M Drummond	-	-	-	1,000,000	1,000,000	-
I Limb	2,425,520	-	-	20,000,000	22,425,520	-
P Perrin	141,999	-	-	2,000,000	2,141,999	-
S Richardson	21,838,536	-	-	10,625,000	32,463,536	-

iv. Share options of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited):

	Balance at 1 July No.	Granted as compensation No.	Exercised/ forfeited No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Vested during year No.
2010								
P Perrin	3,000,000	-	(3,000,000)	-	-	-	-	2,000,000
A Thompson	500,000	-	(500,000)	-	-	-	-	250,000
M Starick	500,000	-	(500,000)	-	-	-	-	250,000
2009								
P Perrin	3,000,000	-	-	3,000,000	2,000,000	-	2,000,000	1,500,000
A Thompson	500,000	-	-	500,000	250,000	-	250,000	250,000
M Starick	500,000	-	-	500,000	250,000	-	250,000	250,000

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, nil options (2009: nil) were exercised by key management personnel.

Further details of the employee share option plan and of share options previously granted are contained in the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Contributed equity (unissued shares representing 3rd tranche of ACW acquisition consideration)

	Contributed equity		
	Balance at 1 July	Ordinary shares received on exercise of tranche	Balance at 30 June
	No.	No.	No.
2010			
S Richardson	-	-	-
2009			
S Richardson	10,423,388	(10,423,388)	-

c) Transactions with entities in the wholly-owned group

The company provided management, accounting and administrative assistance to other entities in the wholly-owned group during the year. These transactions were on commercial terms and conditions and were no more favourable than those available to other corporations.

d) Other transactions with directors and director related entities

During the period, office accommodation and facilities were provided by Mineral Deposits Limited, of which Mr. M J S Drummond is company secretary. Mineral Deposits Limited charged $1,800 (2009: $4,290) in relation to the provision of these services to 30 June 2010.

During the prior period, office accommodation was provided to Limb Vineyards, of which Mr I T Limb is a director. The Group charged rentals of $7,617 in relation to the provision of accommodation to 30 June 2009. No accommodation was provided during the current period.

During the period storage facilities were provided to Limb Vineyards, of which Mr I T Limb is a director. The Group charged fees of $18,396 (2009: $nil) in relation to the provision of storage facilities to 30 June 2010.

The above transactions were made on commercial terms and conditions and at market rates.

During the period, interest charges of $38,337 (2009: $49,232) were incurred in relation to a loan provided to the Group by Boston First Capital Pty Ltd, of which Mr S R Richardson is a director. Further details of the loan are included in note 16.

During the period, interest charges of $45,249 (2009: $52,436) were incurred in relation to a loan provided to the Group by Mr I T Limb. Further details of the loan are included in note 16.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

32. Remuneration of auditors

	Consolidated		Company	
	2010	2009	2010	2009
	$	$	$	$
Audit or review of the financial report	55,000	165,000	55,000	165,000
Other non-audit services - tax	-	49,503	-	49,503
	55,000	214,503	55,000	214,503

The auditor of CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) is Deloitte Touche Tohmatsu Adelaide.

33. Contingent liabilities
No contingent liabilities have been identified that require disclosure in these financial statements.

34. Subsequent events

Deed of Company Arrangement
Further to the events described in the Changes in State of Affairs, a General Meeting of shareholders was held on 30 November 2010, at which the following resolutions were passed:

- The transfer of all of the issued shares in Playford Wine Holdings Pty Ltd from the company to Michael Strachan Hislop;
- The consolidation of shares and options on a 1 for 100 basis;
- The capital of the company being reduced by applying such a portion of the accumulated losses of the company against the share capital of the company which is considered permanently lost;
- The company changes its name to CRW Holdings Limited;
- The issue of 430,000,000 new shares;
- The issue of up to 10,000,000 new shares to the Directors and/or their Associates;
- The issue of up to 50,000,000 shares to Taycol Services Pty Ltd and/or its Associates;
- The adoption of amendments to the company's Constitution;
- The election of Mr Stephen Evans as Director of the company.

Sale of Intellectual Property
The following entities sold substantially all intellectual property assets for the payment of $198,000 plus GST on 1 October 2010, with the proceeds paid to GE Commercial Corporation (Australia) Pty Ltd and applied to the obligations:

- CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited)
- Cockatoo Ridge IP Pty Ltd
- Cockatoo Ridge Pty Ltd
- Cockatoo Ridge Sales Pty Ltd
- Australian Commercial Wines Pty Ltd
- CKR Brands Pty Ltd

Notes to the Financial Statements
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Sale of tank farm and Barossa lease

On 5 November 2010 the landlord (BV Way) of property located at Barossa Valley Way, Tanunda, South Australia, issued a Notice of Termination and asserted various claims over assets upon which CRW Holdings Limited (previously known as Cockatoo Ridge Wines Limited) leased the property and owned and operated various assets related to a tank farm and other related operations related to its business. This resulted in a "Dispute" with GE Commercial Corporation (Australia) Pty Ltd being CRW's secured lender.

On 16 November 2010 GE issued a Notice of Possession for various assets subject to its charge provided by CRW.

The Dispute was settled in full through mediation on 2 December 2010 which included the sale of all GE secured assets (except records) that were at issue in the Dispute for a payment to GE of $585,000 plus GST on 22 December 2010.

Sale of subsidiaries

On 30 December 2010 the following subsidiaries were sold to Playford Wine Holdings Pty Ltd:

- 3,000 ordinary shares in Australian Commercial Wines Pty Ltd were sold for consideration of $2.
- 1 ordinary share in Playford Wines Pty Ltd was sold for consideration of $2.
- 20 ordinary shares in Cockatoo Ridge Pty Ltd were sold for consideration of $2.
- 2,000,002 ordinary shares in CKR Brands Pty Ltd were sold for consideration of $2.

On the same day, the share capital of Playford Wine Holdings was sold to Michael Strachan Hislop for consideration of $2. The sales of the subsidiaries results in a gain through a net debt relief of $21,865,942 and as a result the financial position of the company after the sale of the subsidiaries has substantially improved.

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 May 2011.

Distribution of equity securities

Ordinary share capital

- 8,458,865 fully paid ordinary shares are held by 1,689 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

Options

Nil

The number of shareholders, by size of holding, in each class are:

	Number of shareholders	%	Number of shares held	%
1 - 1,000	1,201	71.11	189,387	2.24
1,001 - 5,000	284	16.81	700,452	8.28
5,001 - 10,000	70	4.14	559,414	6.61
10,001 - 100,000	116	6.87	3,153,925	37.29
100,001 and over	18	1.07	3,855,687	45.58
	1,689	100.00	8,458,865	100.00

There were no shareholders who held less than a marketable parcel of shares.

Substantial shareholders

	Fully paid	
Ordinary shareholders	**Number**	**%**
NIL	-	-

ASX Additional Information

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully Paid Ordinary Shares Number	%
Mr Malcolm Arnold Haines & Mrs Jennifer Haines	401,000	4.74%
Monarqe Pty Ltd	333,114	3.94%
JSR Nominees Pty Ltd	294,986	3.49%
Austin Financial Services Pty Ltd	291,443	3.45%
Mr William Booth	280,000	3.31%
Narlack Pty Ltd	260,000	3.07%
Frontier Forge Pty Ltd	217,112	2.57%
CIMB Securities (Singapore) Pte Ltd	207,630	2.45%
Mr Peter Lehmann	205,000	2.42%
Barrijag Pty Ltd	200,000	2.36%
Nashly Pty Ltd	200,000	2.36%
Servicelink Aust Pty Ltd	200,000	2.36%
Capital Access Australia Pty Limited	166,167	1.96%
JP Morgan Nominees Australia Limited	154,721	1.83%
Mr Norman John Anderson	120,000	1.42%
Mr Ian Garnsey Everingham & Mrs Christine Mary Everingham	110,714	1.31%
Flagstaff Superannuation Fund	108,000	1.28%
Blackwood Capital Limited	105,800	1.25%
Ruminator Pty Ltd	100,000	1.18%
Gumhill Estate Pty Ltd	85,213	1.01%
	4,040,900	47.77%

Options

Options to acquire ordinary shares	No. of options	%
Nil		