

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Prince Hill Wines Limited

ABN

99 000 094 995

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from customers | 1,033 | 1,033 |
| 1.2 Payments for | | |
| (a) staff costs | (275) | (275) |
| (b) advertising and marketing | (30) | (30) |
| (c) research and development | | |
| (d) leased assets | | |
| (e) other working capital | (712) | (712) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 39 | 39 |
| 1.5 Interest and other costs of finance paid | (108) | (108) |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | | |
| | (53) | (53) |
| Net operating cash flows | | |

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| | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (53) | (53) |
| 1.9 Cash flows related to investing activities | | |
| Payment for acquisition of: | | |
| (a) businesses (item 5) | (353) | (353) |
| (b) equity investments | | |
| (c) intellectual property | | |
| (d) physical non-current assets | (2,187) | (2,187) |
| (e) other non-current assets | | |
| 1.10 Proceeds from disposal of: | | |
| (a) businesses (item 5) | | |
| (b) equity investments | | |
| (c) intellectual property | | |
| (d) physical non-current assets | 2,215 | 2,215 |
| (e) other non-current assets | | |
| 1.11 Loans to other entities | (100) | (100) |
| 1.12 Loans repaid by other entities | | |
| 1.13 Other (provide details if material) | | |
| | (425) | (425) |
| Net investing cash flows | | |
| 1.14 Total operating and investing cash flows | (478) | (478) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | 743 | 743 |
| 1.16 Proceeds from sale of forfeited shares | | |
| 1.17 Proceeds from borrowings | 800 | 800 |
| 1.18 Repayment of borrowings | (2,088) | (2,088) |
| 1.19 Dividends paid | | |
| 1.20 Other (provide details if material) | | |
| | (545) | (545) |
| Net financing cash flows | | |
| Net increase (decrease) in cash held | (1,023) | (1,023) |
| 1.21 Cash at beginning of quarter/year to date | 23 | 23 |
| 1.22 Exchange rate adjustments to item 1.20 | | |
| 1.23 Cash at end of quarter | (1,000) | (1,000) |

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 | | | | |
|--|--|--|----|--|----|--|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 64 | | | | |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 Coonawarra Australia Property Trust | 100 | | | | |
| 1.26 | Explanation necessary for an understanding of the transactions | | | | | |
| | <table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">Payments to Directors in their capacities as Directors</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Payments to Directors in their capacities as Employees</td> <td style="text-align: right;">54</td> </tr> </table> | Payments to Directors in their capacities as Directors | 10 | Payments to Directors in their capacities as Employees | 54 | |
| Payments to Directors in their capacities as Directors | 10 | | | | | |
| Payments to Directors in their capacities as Employees | 54 | | | | | |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| | |
|--|--|
| | |
|--|--|

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

| | |
|--|--|
| | |
|--|--|

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

| | | Amount available \$A'000 | Amount used \$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities | 1,755 | 1,596 |
| 3.2 | Credit standby arrangements | | |

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Reconciliation of cash


| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 4.1 | Cash on hand and at bank | 266 | 22 |
| 4.2 | Deposits at call | | |
| 4.3 | Bank overdraft | (1,266) | |
| 4.4 | Other (provide details) | | |
| Total: cash at end of quarter (item 1.23) | | (1,000) | 22 |

Acquisitions and disposals of business entities

| | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|-----|---|-----------------------------|
| 5.1 | Name of entity Coonawarra Premium Vineyards Limited | |
| 5.2 | Place of incorporation or registration Australia | |
| 5.3 | Consideration for acquisition or disposal \$353 | |
| 5.4 | Total net assets \$353 | |
| 5.5 | Nature of business Responsible Entity for the Coonawarra Australia Property Trust and the Coonawarra Premium Vineyards Project | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2010
 (Director/Company secretary)

Print name: ANDREW PARKINSON

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Additional information relating to cash resources

The company announced on the 28 October that the conditions precedent set out in the contracts for its wholly owned subsidiary Prince Hill wines Services Pty Ltd (ABN 40 062 979 588 (“PHW Services”) to acquire Coonawarra Premium Vineyards Limited (ACN 086 944 265) and certain assets and assume certain liabilities from:

- Watson Wine Group Pty Ltd (ACN 093 886 509)(“WWG”);
 - The Wine List Pty Ltd (ACN 125 768 336) (“TWL”)
 - Coonawarra Vineyard Management Services Pty Ltd (ACN 086 942 010 (“CVMS”); and
 - Essential Project Administration Pty Ltd (ACN 094 312 295) (“EPA”),
- (together “The Watson Group”), have been satisfied. The assets and liabilities acquired effective 1 July 2010 were:-

| Assets transferred | Sale |
|-------------------------------------|-------------------------|
| Trade receivables from TWL | 303,165 |
| Prepayments | 11,335 |
| Managed and unmanaged Growers Units | 0 |
| Inventory | 2,246,434 |
| Land, Buildings and Vines | 1,400,000 |
| Plant and equipment | <u>744,663</u> |
| TOTAL ASSETS | <u>4,705,597</u> |
| Less Liabilities transferred | |
| Financing facilities | 1,555,206 |
| Lease facilities | 444,886 |
| Trade payables WWG | 1,701,592 |
| Trade payables CVMS | 368,503 |
| Employee provisions and liabilities | 246,085 |
| TOTAL LIABILITIES | <u>4,316,272</u> |
| Consideration | <u>389,325</u> |

The cash and cash equivalents of this transaction are recognised in this report with effect from 1 July 2010 as all economic benefits flowed to Prince Hill Wines Limited in accordance with the various contracts.

Consolidated net profit after tax for the quarter was \$40,485.

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