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Prince Hill Wines



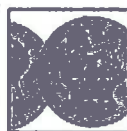
PRINCE HILL



CARD COLLECTION



ACROBAT



FIVE SHILLINGS

Prince Hill Wines Limited

ABN: 99 000 094 995

Interim Financial Statements

For the Half Year Ended 31 December 2010

Prince Hill Wines Limited

ABN: 99 000 094 995

For the Half Year Ended 31 December 2010

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Corporate Information

ABN:	99 000 094 995
Directors:	Paul Miller (Non-executive Director) Mark Leaker (Non-executive Director) Rex Watson (Executive Director) Andrew Parkinson (Managing Director and Chief Executive Officer)
Company Secretary:	Conrad Guerra
Registered Office and Principal place of business:	235 Glen Osmond Road, Frewville, South Australia 5063 Postal address: PO Box 167 Fullarton, South Australia, 5064
Telephone:	+61 8 8338 3400
Facsimile:	+61 8 8338 3244
Email:	enquiries@princehillwines.com
ASX Code:	PHW
Share Registry:	Registries Limited, Level 7, 207 Kent Street, Sydney, New South Wales, 2000 Tel: +61 2 9290 9600 Fax: +61 2 9279 0664 Website: www.registriesltd.com.au
Auditor:	Grant Thornton, South Australian Partnership
Bankers:	Commonwealth Bank of Australia, Adelaide, South Australia National Australia Bank, Sydney, New South Wales

Prince Hill Wines Limited

ABN: 99 000 094 995

Australian Securities Exchange Disclosure Information

Results for announcement to the market

This half year report is for the reporting period to 31 December 2010 and the previous corresponding period is 31 December 2009.

		Percentage Change		Amount
Revenues from ordinary activities	up	480 %	to	4,659,322
Profit from ordinary activities after tax attributable to members	up	108 %	to	59,133
Net Profit for the period attributable to members	up	108 %	to	59,133
		31 December 2010 cents		30 June 2010 cents
Net tangible assets per security		0.3		0.1

Distributions

No dividends have been proposed or declared for the period ended 31 December 2010. No record date is required as no dividends have been proposed or declared for the period ended 31 December 2010.

The Interim Report is to be read in conjunction with the 2010 Annual Report, the 2010 Interim Financial Report and Director's report.

Change of Ownership of controlled entities

The group has obtained control of Coonawarra Premium Vineyards Limited (ABN: 58 086 944 265) the responsible entity of the Coonawarra Premium Vineyards Project (ARSN: 087 876 186) effective 1 July 2010.

Prince Hill Wines Limited

ABN: 99 000 094 995

Directors' Report

31 December 2010

Your directors submit the financial report of the Prince Hill Wine Group (the Group) for the half-year ended 31 December 2010 and the state of affairs of the Group at that date.

1. General information

(a) Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position	Appointed/Resigned
Mr Paul Miller	Non-executive director	Appointed 6 April 2010
Mr Mark Leaker	Non-executive director	Appointed 1 April 2010
Mr Andrew Parkinson	Managing director	Appointed managing director 5 April 2007 and Non executive Director 20 October 2006
Mr Rex Watson	Executive Director	Appointed 1 November 2010

2. Business review

Review of operations

The Prince Hill Group has returned a profit of \$59,133 to its members for the half year to the 31 December 2010. This was achieved despite the continued difficult period the wine industry is experiencing.

As announced on the 8 October 2010 the resolution to acquire Watson Wine Group assets and the issue of shares was passed by shareholders. The remaining conditions precedent for the transaction were satisfied on the 28 October 2010 for the wholly owned subsidiary Prince Hill Wine Services Pty Ltd (ABN 40 062 979 588) (PHW Services") to acquire certain assets and assume certain liabilities from:

- Watson Wine Group Pty Ltd (ACN 093 886 509);
- The Wine List Pty Ltd (ACN 125 768 336);
- Coonawarra Vineyard Management Services Pty Ltd (ACN 086 942 010); and
- Essential Project Administration Pty Ltd (ACN 094 312 295).

The above transaction has provided the group with the resources and corporate infrastructure to develop a mid tier wine business in both the domestic and international market and this is reflected in the reported half year profit of \$59,133.

Revenue for the six months was \$4,547,823, an increase of 480 percent, consisting of bulk and finished wine case sales (including the new wine brands and distribution channels from the Watson Wine Group portfolio) and vineyard management income.

Gross profit for the half year is \$2,231,110 compared to the gross loss in 2009 of \$(22,973).

As a result of the acquisition of the Watson Wine Group assets and ongoing operational reviews during the financial half year the Group has made an improvement of \$805,251 to the trading results. The prior year's loss of \$746,118 attributable to members improved by 108 percent to a profit of \$59,133.

Prince Hill Wines Limited

ABN: 99 000 094 995

Directors' Report

31 December 2010

2. Business review continued

Review of operations continued

The acquisition of assets and assumption of liabilities from the Watson Wine Group (net \$743,510) has resulted in a half year profit and has improved the Statement of Financial Position from the reported balance of \$266,766 at 30 June 2010 to \$1,068,409 at 31 December 2010.

PHW Services has lodged a claim due to the termination of the contract for the original sale for the vineyard and winery. The original purchaser of the vineyard and winery located at 1220 Castlereagh Highway, Apple Tree Flat, Mudgee New South Wales (Great Southern Beverage Company Pty Ltd (ACN 132 761 392) failed to settle on the completion date of 9 March 2010.

The vineyard, winery, function centre and cellar door located at 1220 Castlereagh Highway, Apple Tree Flat, Mudgee New South Wales settled, as contracted, to CN Wine (Australia) Pty Ltd on the 12 August 2010. This allowed the Group to repay in full the existing bank borrowings of \$768,000. In addition the group repaid \$1,300,000 of the loan from Coonawarra Australia Property Trust.

Prince Hill continues to operate as a producer of premium wines. As a result of the acquisition of the assets from the Watson Wine Group it has expanded its wine distribution channels and established a strong presence in the world renown Coonawarra grape growing district.

3. Other items

Auditors Independence Declaration

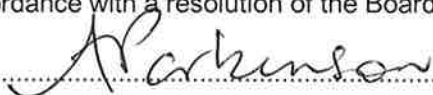
The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half year ended 31 December 2010.

4. Sign off details

(a) Sign off information

Signed in accordance with a resolution of the Board of Directors:

Director:



Mr Andrew Parkinson

Dated 25 February 2011

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67 Greenhill Rd
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Adelaide SA 5001

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PRINCE HILL WINES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Prince Hill Wines Limited for the half-year ended 30 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S.J. Gray
Partner

Adelaide, 25 February 2011

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Prince Hill Wines Limited ABN: 99 000 094 995

Interim Statement of Comprehensive Income
For the Period Ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Sales revenue	4,547,823	783,479
Cost of sales	(2,316,713)	(806,452)
Gross profit	2,231,110	(22,973)
Other income	111,499	210,856
Marketing costs	(64,024)	(92,222)
Occupancy costs	(118,246)	(74,336)
Administrative costs	(992,827)	(222,925)
Vineyard management expenses	(845,311)	(13,404)
Management Expenses	-	(114,000)
Impairment losses - inventories	-	(317,095)
Other expenses	(91,696)	(16,797)
Finance costs	(171,372)	(83,222)
Profit (Loss) before income tax	59,133	(746,118)
Profit (Loss) from continuing operations	59,133	(746,118)
Profit (Loss) for the period	59,133	(746,118)
Other comprehensive income		
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	59,133	(746,118)
Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	-	(0.59)
Diluted earnings per share (cents)	-	(0.59)

The accompanying notes form part of these financial statements.

Prince Hill Wines Limited

ABN: 99 000 094 995

Interim Statement of Financial Position
As At 31 December 2010

	31 December 2010	30 June 2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	133,020	23,041
Trade and other receivables	1,821,219	96,457
Inventories	2,163,115	440,637
Other assets	91,882	4,079
Winery sale receivable	-	2,211,421
TOTAL CURRENT ASSETS	4,209,236	2,775,635
NON-CURRENT ASSETS		
Property, plant and equipment	1,261,843	112,567
Biological assets	999,097	-
TOTAL NON-CURRENT ASSETS	2,260,940	112,567
TOTAL ASSETS	6,470,176	2,888,202
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,562,064	350,072
Borrowings	620,041	2,204,797
Short-term provisions	161,372	16,866
Income received in advance	598,542	-
TOTAL CURRENT LIABILITIES	3,942,019	2,571,735
NON-CURRENT LIABILITIES		
Trade and other payables	62,643	-
Borrowings	1,282,219	12,622
Other long-term provisions	114,886	37,079
TOTAL NON-CURRENT LIABILITIES	1,459,748	49,701
TOTAL LIABILITIES	5,401,767	2,621,436
NET ASSETS	1,068,409	266,766
EQUITY		
Issued capital	37,214,436	36,471,926
Accumulated losses	(36,146,027)	(36,205,160)
TOTAL EQUITY	1,068,409	266,766

The accompanying notes form part of these financial statements.

Prince Hill Wines Limited

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Interim Statement of Changes in Equity For the Half Year Ended 31 December 2010

	Ordinary Shares	Accumulated losses	Option Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2010	36,471,926	(36,205,160)	-	266,766
Total comprehensive income for the period	-	59,133	-	59,133
Shares issued during the year	742,510	-	-	742,510
Sub-total	742,510	59,133	-	801,643
Balance at 31 December 2010	37,214,436	(36,146,027)	-	1,068,409

	Ordinary Shares	Accumulated losses	Option Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2009	36,089,103	(32,477,008)	15,000	3,627,095
Total comprehensive income for the period	-	(746,118)	-	(746,118)
Sub-total	-	(746,118)	-	(746,118)
Balance at 31 December 2009	36,089,103	(33,223,126)	15,000	2,880,977

The accompanying notes form part of these financial statements.

Prince Hill Wines Limited

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Interim Statement of Cashflows

For the Half Year Ended 31 December 2010

	31 December	31 December
	2010	2009
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,835,730	801,392
Payments to suppliers and employees	(2,742,615)	(1,343,411)
Interest received	67,911	30
Finance costs	(171,372)	(83,222)
Net cash provided by (used in) operating activities	<u>(10,346)</u>	<u>(625,211)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	2,216,549	110,000
Purchase of property, plant and equipment	(102,008)	-
Loans to related parties - payments made	(100,000)	-
Loans to related parties - proceeds from repayments	23,882	-
Loans from related parties - proceeds received	-	780,952
Net cash provided by (used in) investing activities	<u>2,038,423</u>	<u>890,952</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	25,000	-
Repayment of borrowings	(2,175,677)	(279,009)
Net cash provided by (used in) financing activities	<u>(2,150,677)</u>	<u>(279,009)</u>
OTHER ACTIVITIES		
Business acquisition during period	<u>(189,969)</u>	-
Net increase (decrease) in cash held	(312,569)	(13,268)
Cash and cash equivalents at beginning of financial year	<u>23,041</u>	<u>112,688</u>
Cash and cash equivalents at end of financial year	<u>(289,528)</u>	<u>99,420</u>

The accompanying notes form part of these financial statements.

Prince Hill Wines Limited

ABN: 99 000 094 995

Notes to the Financial Statements

For the Half Year Ended 31 December 2010

1 Basis of Preparation

(a) Introduction

These general purpose financial statements for the interim half-year reporting period ending 31 December 2010 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Prince Hill Wines Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) Biological Assets

Grape vines are valued at net market value. To assist the directors of the group in making their determination of the value of the vineyard an independent valuation was obtained by an independent valuer Colin Pickett, Certified Practising Valuer, Associate Australian Property Institute, Gaetjens Pickett Valuers as at 30 June 2010. The net market value of grape vines has been determined by the difference between the net present value of the pre-tax cash flows expected to be generated by the produce harvested from the grapevines discounted at a current market rate which reflects the risks associated with the vineyard, the net market value of the other integral fixed assets associated with the vineyard and the land over which the vines are growing.

In determining the net market value, the directors have had regard to certain assumptions including the market price, yield and quality of the grapes. The values are confirmed by annual valuations by external independent valuers. Grape vines are not depreciated.

(c) Business Acquisitions

A Business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition date fair value of the consideration transferred for a business combination plus acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

All transaction costs incurred in relation to the business combination are expensed to the statement of

Prince Hill Wines Limited

ABN: 99 000 094 995

Notes to the Financial Statements

For the Half Year Ended 31 December 2010

1 Basis of Preparation continued

(c) Business Acquisitions continued

comprehensive income.

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

2 Dividends

(a) Dividends - Interim

There has been no provision raised for dividend payments.

3 Segment information

(a) Identification of reportable segments

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

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

(b) Business and Geographic Segments

(i) Business segments

- Wine sales and wine services
- Vineyard management services.

(ii) Geographic segments

- The Group's business segments are located in Australia.

(c) Basis of accounting for purposes of reporting by operating segments

(i) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(ii) Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is reset each year and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation of the Group's financial statements.

Prince Hill Wines Limited

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Notes to the Financial Statements

For the Half Year Ended 31 December 2010

3 Segment information continued

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/ to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(iii) Segment assets

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

(iv) Segment liabilities

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

(v) Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets

(vi) Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of the standard.

Prince Hill Wines Limited

ABN: 99 000 094 995

Notes to the Financial Statements

For the Half Year Ended 31 December 2010

3 Segment information continued (d) Segment performance

	Wine Sales and Services		Vineyard management services		Elimination		Total	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Sales revenue	4,366,443	783,479	1,252,825	-	(1,071,445)	-	4,547,823	783,479
Interest revenue	16,191	210,030	63,337	-	-	-	79,528	210,030
Other income	31,971	826	-	-	-	-	31,971	826
Total segment revenue	4,414,605	994,335	1,316,162	-	(1,071,445)	-	4,659,322	994,335
Segment net profit before interest and tax	85,420	(345,801)	146,452	-	-	-	231,872	(345,801)
Reconciliation of segment result to group net profit/(loss) before tax								
(i) Amounts not included in segment result but reviewed by the Board	-	-	-	-	-	-	-	-
(ii) Unallocated items								
Finance costs	(141,545)	(83,222)	(29,827)	-	-	-	(171,372)	(83,222)
Impairment losses - inventories		(317,095)					-	(317,095)
Loss on disposal of assets	(1,368)						(1,368)	-
Net profit before tax from continuing operations	(57,493)	(746,118)	116,625	-	-	-	59,132	(746,118)

Prince Hill Wines Limited

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Notes to the Financial Statements

For the Half Year Ended 31 December 2010

3 Segment information continued

(e) Segment assets

	Wine Sales and Services		Vineyard management services		Elimination		Total	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	2,888,202	5,842,126	-	-	-	-	2,888,202	5,842,126
Additions	5,439,091	213,185	3,087,537	-	(1,879,096)	-	6,647,532	213,185
Disposals	(2,216,549)	(307,161)	(849,009)	-	-	-	(3,065,558)	(307,161)
	3,222,542	(93,976)	2,238,528	-	(1,879,096)	-	3,581,974	(93,976)
Closing Balance	6,110,744	5,748,150	2,238,528	-	(1,879,096)	-	6,470,176	5,748,150

Prince Hill Wines Limited

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Notes to the Financial Statements

For the Half Year Ended 31 December 2010

4 Contingent Liabilities and Contingent Assets

(a) Contingent Assets

Prince Hill Wine Services Pty Ltd has lodged a claim due to the termination of the contract for the original sale of the vineyard and winery. The original purchaser of the vineyard and winery located at 1220 Castlereagh Highway, Apple Tree Flat, Mudgee New South Wales (Great Southern Beverage Company Pty Ltd (ACN 132 761 392) failed to settle on the completion date of 9 March 2010.

The group is pursuing its legal rights but it is not practicable to estimate the value of any recovery.

(b) Contingent Liabilities

The group has no contingent liabilities and there has been no change in contingent liabilities since the last annual reporting date.

5 Business Combinations

(a) Acquisitions

On 3 September 2010 the Group announced it would acquire certain assets and liabilities from the Watson Wine Group and 100% of the issued capital of Coonawarra Premiums Vineyards Limited a subsidiary company of the Watson Wine Group with effect from the 1 July 2010. This was approved by the shareholders on 8 October 2010,

The acquisition is part of the Group's overall strategy to acquire the resources and corporate infrastructure to develop a mid tier wine business in both the domestic and international markets.

Through acquiring 100% of the issued capital of Coonawarra Premiums Vineyards Limited the Group has obtained control of the company. The purchase of Coonawarra Premium Vineyards Limited and certain assets and liabilities of the Watson Wine Group was satisfied by the issue of 148,514,029 ordinary shares at an issue price of \$0.005 per share.

	Acquiree's carrying amount	Fair value
	\$	\$
Purchase consideration:		
Equity issued	742,510	742,510
	742,510	742,510
Less:		
Cash	-	81,809
Receivables	-	314,500
Inventories	-	2,246,434
Property, plant and equipment	-	2,497,848
Borrowings	-	(2,081,901)
Payables	-	(2,070,095)
Provisions	-	(246,085)

Prince Hill Wines Limited

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Notes to the Financial Statements

For the Half Year Ended 31 December 2010

5 Business Combinations continued

(a) Acquisitions continued

	Acquiree's carrying amount	Fair value
	\$	\$
Identifiable assets acquired and liabilities assumed	<u>-</u>	<u>742,510</u>
Goodwill		<u>-</u>

In the half year to the 31 December 2010, the assets and liabilities acquired from the Watson Wine Group and Coonawarra Premium Vineyards Limited contributed \$4,006,794 to group revenues and \$414,430 to consolidated profit before tax.

Included within Administration costs in the Statement of comprehensive income are acquisition costs totalling \$56,938. The costs include advisory, legal, accounting and other professional fees.

6 Events After the Balance Sheet Date

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial half year, that has significantly affected or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

- (a) The financial report was authorised for issue on 25 February 2011 by the board of directors.

Prince Hill Wines Limited

ABN: 99 000 094 995

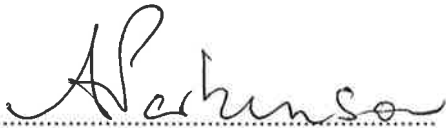
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. 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.

Director



Mr Andrew Parkinson

Dated 25 February 2011



Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRINCE HILL WINES LIMITED

We have reviewed the accompanying half-year financial report of Prince Hill Wines Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Prince Hill Wines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prince Hill Wines Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

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GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants


S J Gray
Partner

Adelaide, 25 February 2011

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