



**AWX CAPITAL LIMITED**  
ACN 096 176 377

Financial Report  
30 June 2002

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## **Directors' Report**

Your directors present their report on the Company for the year 1 July 2001 to 30 June 2002.

### **1. Directors**

The following persons were directors of the Company during the period. Each were appointed as directors on 15 March 2001 and continue to be directors at the date of this report.

Stephen Thompson  
Bob Watson  
Mark Rowsthorn  
Clive Batrouney

### **2. Principal activities**

AWX Capital Limited is a single purpose intermediary created to offer securities (Wine Class Shares), to the public, under prospectus and through licensed securities dealers, where those securities provide rights to investors in a specified amount of premium wine.

### **3. Trading results**

The only income earned by the Company was interest received on deposited funds, which resulted in a profit, after bank charges, of \$5,123 (2001 - \$nil). Tax Expense of \$1,537 was incurred (2001 - \$nil).

### **4. Dividends**

No dividends have been paid. The directors do not recommend the payment of a dividend for the current year.

### **5. Review of operations**

During the period, the Company issued eight separate classes of Wine Class Shares. Applications for the Wine Class Shares were received under a prospectus dated 25 January 2002.

The subscription monies paid under the Prospectus comprised:

- (a) funds to pay for the purchase of the wine; and
- (b) funds to pay for services relating to the wine and the Wine Class Share.

The amount described in paragraph (a) was used to purchase the wine and the amount described in paragraph (b) became part of the preference share capital of the Company. The Company then reduced its preference share capital to make any payment of fees or expenses relating to the wine or the Wine Class Share, such as the payment for storage and insurance of the wine. The funds from the preference share capital reduction were used by the Company on behalf of each holder to pre-pay for all services relating to the wine or Wine Class Share.

A subsequent prospectus, dated 15 April 2002 also resulted in the allotment of Wine Class Shares, however this second batch of Wine Class Shares were allotted post 30 June 2002.

### **6. Significant changes in the state of affairs**

During the year, the Company commenced operations as a single purpose intermediary created to offer securities (Wine Class Shares), to the public, under prospectus and through licensed securities

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dealers and listed on the Stock Exchange of Newcastle, where those securities provide rights to investors in a specified amount of premium wine.

### **7. Matters subsequent to the end of financial year**

On the 5<sup>th</sup> July 2002, the Company issued a further seven classes of Wine Class Shares. Applications for these Wine Class Shares were received under a prospectus dated 15 April 2002. Application funds held in trust at 30 June 2002 were applied to obligations under this prospectus.

### **8. Likely developments and expected results of operations**

The Company will soon open its next prospectus offering of six separate classes of Wine Class Shares. Further prospectus offerings are planned at regular intervals throughout the coming financial year. The Company has applied for dual listing, on both the Australian Stock Exchange and the Stock Exchange of Newcastle, for the securities offered under the next prospectus.

### **9. Environmental regulation**

The operations of the Company do not have a significant environmental impact. The directors are not aware of any breaches of environmental regulation during the year ended 30 June 2002.

### **10. Information on directors**

<b>Director</b>	<b>Experience</b>
Stephen Thompson CEO, Chairman	Stephen is the founder of AWX. He has several years' strategy consulting experience with a focus on acquisition and managing large scale re-structuring. He has also held a range of senior positions with Toll Holdings Limited, Price Waterhouse Urwick and the Red Earth retail chain. Age 32.
Bob Watson Non- Executive Director	Bob has over 20 years experience in the Information Technology industry in Australia and the United Kingdom. Bob has also established and developed a number of successful businesses in the areas of IT consulting, Software Development and Systems Integration. Bob is a director of several private companies including SEEK Communications. Age 46.
Mark Rowsthorn Non- Executive Director	Mark is an Executive Director of Toll Holdings Limited. Mark is CEO of Toll Technologies Pty Ltd, a subsidiary of Toll Holdings Limited. Mark has 24 years experience in the Transport Industry, including 13 years as Group General Manager of Toll. Age 46.
Clive Batrouney Non- Executive Director	Clive is the former Vice-Chairman of The Australian Stock Exchange Limited ("ASX"), having been a Director since 1990, and is Chairman of the Securities Exchanges Guarantee Corporation Ltd, which is the trustee of the National Guarantee Fund. Age 61.

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**11. Meetings of directors**

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2002, and the numbers of meetings attended by each director were:

	<b>Meetings of Directors held whilst a Director</b>	<b>Meetings attended by Directors</b>
Numbers of meetings attended by:		
Stephen Thompson	4	4
Bob Watson	4	4
Mark Rowsthorn	4	4
Clive Batrouney	4	2

No separate committee meetings were held during the year.

**12. Insurance of officers**

During the financial year, the controlling entity, Australian Wine Exchange Pty Ltd paid, on behalf of AWX Capital Limited, a premium of \$13,315 to insure the directors and secretaries of the Company. The directors of the Company and the controlling entity are the same.

**13. Auditor**

PricewaterhouseCoopers continued as auditors of Australian Wine Exchange Capital Limited during the year.

This report is made in accordance with a resolution of the directors.

Stephen Thompson  
**Director**

Melbourne  
27 August 2002

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**Statement of Financial Performance**  
**For the year ended 30 June 2002**

	<b>1 July 2001 – 30 June 2002</b>	<b>15 March 2001 - 30 June 2001</b>
	\$	\$
<b>Revenue from ordinary activities</b>		-
Interest Received	5,468	
<b>Expenses from Ordinary Activities</b>		
Charges of financial institutions	(345)	-
	<hr/>	
<b>Operating profit from ordinary activities before income tax</b>	5,123	-
	<hr/>	
Income tax expense	2 1,537	-
	<hr/>	
<b>Operating profit after income tax</b>	3,586	-
Retained profits at the beginning of the financial year	-	-
	<hr/>	
<b>Retained profits at the end of the financial year</b>	3,586	-
	<hr/> <hr/>	

The above statement of financial performance should be read in conjunction with the accompanying notes.

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**Statement of Financial Position**  
**As at 30 June 2002**

	Note	2002 \$	2001 \$
<b>Current Assets</b>			
Cash	3	652,416	100
		<hr/>	
Total Current Assets		652,416	100
		<hr/>	
<b>Total Assets</b>		<b>652,416</b>	<b>100</b>
<b>Current Liabilities</b>			
Payables	4	647,193	-
Provisions	5	1,537	-
		<hr/>	
Total Current Liabilities		648,730	-
		<hr/>	
<b>Total Liabilities</b>		<b>648,730</b>	<b>-</b>
		<hr/>	
<b>Net Assets</b>		<b>3,686</b>	<b>100</b>
<b>Equity</b>			
Share capital	6	100	100
Retained profits		3,586	-
		<hr/>	
<b>Total Equity</b>		<b>3,686</b>	<b>100</b>
		<hr/>	

The above statement of financial position should be read in conjunction with the accompanying notes.

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**Statement of Cash Flows**  
**For the year ended 30 June 2002**

	Note	1 July 2001 – 30 June 2002 \$	15 March 2001 – 30 June 2001 \$
<b>Cash Flows from Operating Activities</b>			
Interest Received		5,468	-
Payments to Financial Institutions		(345)	-
Net Cash Flows from Operating Activities	11	5,123	-
<b>Cash Flows from Financing Activities</b>			
Proceeds from the issue of shares		2,160,042	100
Payments for reduction of preference share capital		(421,798)	-
Payments for share application refunds		(4,824)	-
Payments to/from wine producers		(1,086,227)	-
Net Cash Flows from Financing Activities		647,193	100
<b>Net Increase in Cash Held</b>		652,316	100
Cash at the beginning of the financial year		100	-
<b>Cash at the End of the Financial Year</b>	3	652,416	100

The above statement of cash flows should be read in conjunction with the accompanying notes.



**Notes to the Financial Statements**

**Note 1. Summary of Significant Accounting Policies**

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention.

**(a) Cash**

For the purpose of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

**(b) Income Tax**

Tax effect accounting procedures are followed whereby the income tax expense in the Statement of Financial Performance is matched with accounting profit after allowing for permanent differences.

**(c) Comparative Figures**

As the Company was incorporated on 15 March 2001, all prior year financial information presented in this financial report relates to the period 15 March 2001 to 30 June 2001.

<b>Note 2. Income Tax</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Profit from ordinary activities before income tax expense	5,123	-
Income Tax calculated at 30%	1,537	-
Aggregate income tax expense	<u>1,537</u>	<u>-</u>
Aggregate income tax expense comprises:		
Current tax provision	<u>1,537</u>	<u>-</u>

<b>Note 3. Current Assets – Cash</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	7,974	100
Application funds held under trust	644,442	-
	<u>652,416</u>	<u>100</u>

<b>Note 4. Current Liabilities – Payables</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Payable to Controlling Entity	2,709	-
4,165 Redeemable Preference Shares, fully paid	42	-
Application Funds Received in Respect of Wine Class Shares, not allotted	644,442	-
	647,193	-

#### **Redeemable Preference Shares**

The redeemable preference shares represent 4,165 fully paid \$0.01 redeemable preference shares. The shares are redeemable at \$0.01 per share when these shares delist from the Stock Exchange of Newcastle on 14 April 2003. The shares hold no entitlement to dividends or rights of participation in the surplus assets or profits of the Company.

<b>Note 5. Current Liabilities – Provisions</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Current tax liabilities – income tax	1,537	-
	1,537	-

	<b>No. of Shares 2002</b>	<b>2002 \$</b>	<b>No. of Shares 2001</b>	<b>2001 \$</b>
<b>Note 6. Equity</b>				
<b>Share Capital</b>				
Ordinary Shares – fully paid	100	100	100	100
<b>Total Share Capital</b>	100	100	100	100

## Note 7. Auditor's Remuneration

Amounts received, or due and receivable, by the auditor for auditing the financial statements and other services were paid by a controlling entity.

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Audit of financial reports	7,000	3,800
Other assurance services	21,850	-
Total audit and assurance	<u>28,850</u>	<u>3,800</u>
Taxation	5,000	17,900
Total remuneration	<u>33,850</u>	<u>21,700</u>

## Note 8. Remuneration of directors

Income paid or payable, or otherwise made available to directors

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
	<u>-</u>	<u>-</u>

The number of directors whose total income from the company was within the specified bands are as follows:  
Income of:

Nil to \$9,999	<u>4</u>	<u>4</u>
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## Note 9. Related Party Information

### Controlling Entity

The ultimate controlling entity is Australian Wine Exchange Pty Ltd.

### Transactions with Entities in the Wholly Owned Group

The Company paid a facilitation fee to Australian Wine Exchange Pty Ltd during the year, which was paid out of subscription monies received. The subscription monies received under each Prospectus comprise:

- (a) funds to pay for the purchase of the wine; and
- (b) funds to pay for services relating to the wine and the Wine Class Share.

The amount described in paragraph (a) was used to purchase the wine and the amount described in paragraph (b) became part of the preference share capital of the Company. The Company then reduced its preference share capital to make any payment of fees or expenses relating to the wine or the Wine Class Share, such as the payment for storage and insurance of the wine. The funds from the preference share capital reduction were used by the Company on behalf of each holder to pre-pay for all services relating to the wine or Wine Class Share. The pre-payment for services (the facilitation fee) was paid to Australian Wine Exchange Pty Ltd.

During the period audit fees and administration costs were paid by Australian Wine Exchange Pty Ltd. At year end the Company owed its controlling entity an amount of \$2,709 (2001 - \$ nil).

**Note 10. Financial Instruments**

The only financial asset of the Company is \$652,416 cash held on deposit with the Commonwealth Bank of Australia. A corresponding financial liability for application funds held under trust of \$644,193 was also held. The interest rate is variable but has averaged 3.25% for the year to 30 June 2002. Non interest bearing liabilities of \$2,751 were held at year end.

In the prior year, the only financial asset was \$100 cash.

**Note 11. Reconciliation of profit from Ordinary Activities after Income Tax to Net Cash Inflow from Operating Activities**

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Profit from ordinary activities after income tax	3,586	-
Change in operating assets and liabilities:		
Increase in provision	<u>1,537</u>	-
Net cash inflow from operating activities	5,123	-

**Note 12. Segment Information**

The Company operates in one country, Australia, and in one business segment, offering of securities (Wine Class Shares) to the public.

**Note 13. Subsequent Events**

On the 5<sup>th</sup> July 2002, the Company issued a further seven classes of Wine Class Shares. Applications for these Wine Class Shares were received under a prospectus dated 15 April 2002. Application funds held in trust at 30 June 2002 were applied to obligations under this prospectus.

## **Directors' Declaration**

The directors declare that the financial statements and notes set out on pages 6 to 12:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2002 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Stephen Thompson  
Director

Melbourne  
27 August 2002

## Independent audit report to the members of Australian Wine Exchange Capital Limited

### Audit opinion

In our opinion, the financial report, set out on pages 6 to 14:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Australian Wine Exchange Capital Limited as at 30 June 2002 and of its performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### Scope and summary of our role

#### *The financial report – responsibility and content*

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Australian Wine Exchange Capital Limited. It includes the financial statements for Australian Wine Exchange Capital Limited (the Company).

#### *The auditor's role and work*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

#### *Independence*

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board. In addition to our statutory audit work, we were engaged to undertake other services for the Company. These services are disclosed in note 7 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers



S C Bannatyne

Partner (Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW))

Melbourne  
27 August 2002