

BUSINESS AND INDUSTRY OVERVIEW

NATURE OF BUSINESS

Before entering into administration, the Company's businesses consisted of:

- Bulk wine sales
- Branded wine sales
- Sales of grapes from Company-owned vineyards
- Wine Tank storage rental and leasing

All material assets of the Company were realised for the benefit of GE as the secured creditor of the Company. With the funds raised from the Offers, the Company intends to re-launch in the business of branded and bulk wine sales. The Company will not continue in the business of the sale of grapes or tank storage rental and leasing. The Company's business plan does not include the acquisition of vineyards or winery infrastructure assets.

The Company intends to buy grapes from grape growers and then contract with external wineries for those grapes to be made into wine. The wine will be sold either under the Company's own labels or through the bulk wine market. The Company has entered into an agreement to purchase bulk wine during the 2011/12 financial year to re-enter the bulk wine market and assist in re-launching its own labels.

The Company has engaged the expertise of Mr Ivan Limb as an external consultant to work with the Company's Executive Director, Mr Melvyn Drummond, to implement the business plan and oversee the day to day operations of the Company. Mr Limb is a former director of the Company (but not a related party) and is familiar with the markets in which the Company is seeking to re-launch its business. Further consultants will be engaged on an as-required basis. The Company has committed to sell wines under its own labels via an agreement with an established marketer of wines. The wines will be sold by internet and call centre operations.

During the growth stage of the brands, the bulk wine trading division will provide revenue and give the business flexibility to utilise stocks for either division.

Mr Melvyn Drummond has been appointed as Executive Director to oversee operations and implement the business plan. The requirements and existence of this role, and the suitability of Mr Drummond for it, will be reviewed as the scale of operations of the Company dictates. It is not anticipated that Mr Drummond will remain in this role long-term, as the successful re-establishment of the Company's operations will dictate that a full-time executive officer be appointed. In re-launching the business, the Company will not initially employ staff but intends to engage any additional industry consultants as circumstances warrant.

RETAINED ASSETS AND CONTINUING OPERATIONS

BULK WINE BUSINESS

The Company will make wine under contract and sell to other Australian wineries and into selected export markets. The Board will engage the services of wine-makers and consultants. Mr Ivan Limb has been engaged in this capacity. The Company will use its cash reserves to purchase grapes and produce wine.

(a) Grape Purchases

The Company intends to produce bulk wine by purchasing grapes and arranging for wineries to process and make wine under contract. The current market for grapes continues to be characterised by an oversupply. Accordingly, the Company intends to

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negotiate grape purchases closer to harvest when it is expected that the lowest prices will be achievable. It is intended to focus predominantly on Barossa Shiraz with other grape varieties being purchased for the bulk market based on market opportunities as they emerge.

The Company has identified a number of Barossa grape producers who can supply Shiraz grapes.

(b) Wine Purchases

The Company will purchase bulk wine in the market and hold it until it is in a ready state for sale. The Company has entered into a bulk wine purchase contract.

(c) Wine Brokers

The Company has identified bulk wine brokers who could be used to assist in selling to other parties, some having previously provided this service to the Company.

BRANDED SALES

The Company had previously followed wine industry practice of reinvigorating its long-established brand sold under an exclusive national Distribution Agreement from time to time. In addition, it developed new labels and acquired a number of established names for 'refreshing' both marketed directly to achieve an improved margin not through its distribution channel. These were test marketed in parallel as developed or re-packaged to determine the level of possible trade and consumer interest. Many of these labels were retained to comprise the basis of the Company's re-entry into the branded bottled sales market with the "Jindawarra" label selected from among them as the springboard for the Company's relaunch. It will be a Barossa Shiraz which the Company's earlier research had determined would garner consumer support.

"Jindawarra" and the Company's other labels as introduced will target consumers not attracted to estate grown wines. Such consumers are middle market drinkers not disposed to consuming cask wine but seeking value for money. The Company considers it will be well placed to meet the quality and pricing expectations of this category of buyers.

OPERATIONAL CONTRACTS

Bulk wine purchase contract

The Company has contracted with Long Lunch Wines Pty Ltd ACN 132 834 934 to purchase 200,000 litres of Barossa Shiraz at \$2.50 per litre. 20,000 litres will be from the 2009 Vintage and the remaining 180,000 litres from the 2010 Vintage. The total cost is \$500,000, to be paid in full 60 days after reinstatement of the Company's securities with the ASX. The purchase is subject to the Company's approval based on the quality of pre-shipment samples and signing of a Bulk Wine Declaration. Risk passes in accordance with the Incoterms 2000 and title passes when the Company accepts the wine.

Distribution agreement

The Company has entered into an agreement with a national wine distribution company (Distributor) as the sole as exclusive distributor of the Company's labeled wines in Australia and to approved export markets (Agreement). The Agreement sets a non-negotiable price per case for sale of the Company's labeled wines to the Distributor and there are no minimum sales requirements.

Under the Agreement the Company is responsible for transporting the wine to the Distributor, who is then responsible for transport to the final destination and will pay the Company 60 days after the wine has been shipped to the Distributor. Risk of loss or damage passes when the wine is loaded from the Company's premises. Ownership passes on the date that the total invoice is paid in clear funds.

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Any wine sold under the Agreement is subject to the Distributor acknowledging in writing that it has seen a final sample of the wine to be supplied and has approved the quality, labeling and packaging. The Company must provide the Distributor the packaging specifications of each wine brand prior to release and the Distributor must acknowledge in writing prior to production that such specifications are suitable for its marketing purposes.

The Agreement provides for the Distributors name to remain confidential (except in certain circumstances) and terminates on 18 August 2012.

Wine storage arrangements

The Company will require storage facilities for wine it purchases or produces, in particular bulk wine. The Directors have obtained indicative rates for storage of wine from a number of providers of such facilities and are confident suitable storage facilities will be available as and when required at commercially competitive rates. Accordingly wine storage arrangements will be entered into as the Company requires.

3.2.4 LIQUOR LICENCE

The Company requires a liquor license for the production and sale of its wine. As at the date of this Prospectus, the Company has applied to the Office of Liquor and Gaming Commissioner for the transfer of a licence currently held by a Former Subsidiary, CRS. The Company does not anticipate any significant difficulties or delays in obtaining a licence.

Pending obtaining a liquor licence, the Company has entered into an agreement with BV Way Pty Ltd for the use of its premises in Tanunda, South Australia as the approved premises for sale of the Company's wine and to conduct wine tastings with wholesale clients. The agreement is for a period of 12 months and rental is \$1.00 per annum. BV Way Pty Ltd is a company associated with Craig Ball, a Director of the Proponent to the Offers. The Proponent is a related party of the Company pursuant to section 228(7) of the Corporations Act.

The failure to obtain and retain a liquor licence poses a significant risk to the Company.

3.2.5 KEY PERSONNEL

Mr Melvyn Drummond has been appointed as Executive Director to oversee operations and implement the business plan.

The requirements and existence of this role, and the suitability of Mr Drummond for it, will be reviewed as the scale of operations of the Company dictates. It is not anticipated that Mr Drummond will remain in this role long-term, as the successful re-establishment of the Company's operations will dictate that a full-time executive officer be appointed.

Mr Ivan Limb has been engaged as a consultant to the Company.

Dependent on ongoing evaluations of the re-establishment and growth of the Company's operations, it intends to engage the services of additional experienced consultants to assist in implementing the operational strategy. The Board considers that there are experienced consultants available to be engaged by the Company on an as-required basis.

Consultancy agreement with Ivan Limb

The Company has entered a consultancy contract with Mr Ivan Limb, which includes the following conditions;

- (a) Commences on the date of re-quototation of the Company's shares on the ASX and the initial term is to 30 June 2012;
- (b) Mr Limb will give advice to the Company and coordinate the implementation of the purchase of bulk wine, sale of bulk wine, purchase of grapes, winemaking contracting, administration of service contracts, administration of sales distribution contract and generally in connection

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with the wine business;

- (c) Mr Limb will be remunerated by the Company granting 2,000,000 un-quoted options (to be issued Shares) exercisable at \$0.01 no later than 31 August 2014, and at an hourly rate of \$125 per hour plus superannuation at the statutory rates.

3.3 INVESTMENT OPPORTUNITIES

Although the Company's principal focus is to continue with the re-development of its primary wine business, a significant portion of the Company's assets will be comprised of cash. As such, disclosure is required regarding the expertise of the current Directors and more specifically, how this level of expertise will assist the Company in making investment decisions related or otherwise, if considered in its interests.

The funds to be raised through this Prospectus are primarily planned to be utilised for the prudent re-establishment of the Company's business in Australia.

The Directors have a broad range of commercial and public company experience. They also plan that the Company utilise specific wine industry expertise through the selective engagement of consultants.

The Directors also have broad experience in project development, finance and corporate transactions for various listed and non-listed entities, which is relevant to the assessment of potential projects for the Company. The Directors consider that their contacts and relevant experience can provide assistance in attracting and securing any new projects for investment and acquisition.

Other than the proposed expenditure budget, and the development of the existing business, there is no specific investment plan currently in place and any future investment or commercial strategies may be adopted as and when any suitable opportunities are identified by the Board. The Company may be subject to additional risks in the future relating to any such business decisions on the part of the Board that cannot be identified as at the date of this Prospectus.