

Ex MWG Ltd (Subject to Deed of Company Arrangement)

(Formerly known as McWilliam's Wines Group Ltd)

ABN 36 000 024 108

Annual Report - 30 June 2021

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Directors' report
30 June 2021**

The External Administrators present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Ex MWG Ltd (Subject to Deed of Company Arrangement) (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Appointment of External Administrators

On 8 January 2020, the Directors of the Company at the time appointed External Administrators with the objective of orderly disposing of the assets of the consolidated entity and settlement of liabilities. As a result, the accompanying financial statements for the years ended 30 June 2021 and 30 June 2020 have been prepared on a liquidation basis. Refer to note 1 of the notes to the financial statements for further information.

External Administrators and Directors

The following persons were External Administrators and Directors of Ex MWG Ltd (Subject to Deed of Company Arrangement) during the whole of the financial year and up to the date of this report, unless otherwise stated:

External Administrators:

Timothy David Mableson
Gayle Dickerson
Ryan Reginald Eagle

Directors:

Dr Lisa Anne Ashton
Jeffrey Paul McWilliam
James Frederick Brayne

Resigned on 10 May 2022

Principal activities

The principal activities of the consolidated entity consisted of the production, importation, distribution and marketing of wines and liqueurs.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Significant changes in the state of affairs

The assets held for sale along with associated liabilities were disposed of in May 2021 for a gross consideration of \$46.2 million. Refer to note 11 of the notes to the financial statements for further details.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,516,000 (30 June 2020: \$43,448,000).

The consolidated entity operated its business as a going concern during the year ended 30 June 2021 whilst a sale campaign was conducted. The sale of the business and assets were settled on 12 May 2021 after which the consolidated entity did not conduct any business operations. By its very nature, the appointment of External Administrators creates uncertainty regarding operations, employment and realisable value of assets which were put to market in an open sale campaign.

Matters subsequent to the end of the financial year

External Administrators' reporting to creditors and shareholders was either lodged with Australian Securities and Investments Commission ('ASIC') or appears on KPMG's website <https://home.kpmg/au/en/home/creditors/mcwilliams-wines-group.html> and are therefore publicly available.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Directors' report
30 June 2021**

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on External Administrators

Name: Timothy Mableson
 Title: External Administrator
 Qualifications: CA, B.Com.
 Experience and expertise: More than 25 years' experience in corporate advisory, insolvency, restructuring and turnaround situations, in particular the wine industry

Name: Gayle Dickerson
 Title: External Administrator
 Qualifications: CA, BA (hons).
 Experience and expertise: More than 20 years' of experience in both the UK and Australia in corporate turnaround, insolvency, restructuring and turnaround advisory

Name: Ryan Eagle
 Title: External Administrator
 Qualifications: CA, B.Com.
 Experience and expertise: More than 20 years' experience in corporate restructuring, turnaround, distressed and special situation advisory and insolvency services

Company secretary

Erin McMullen was appointed the company secretary on 31 December 2019.

Meetings of External Administrators and Directors

The number of meetings of the External Administrators and Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each External Administrator and Director were:

	Attended	Held
<i>External Administrator</i>		
Timothy David Mableson	5	5
Gayle Dickerson	5	5
Ryan Reginald Eagle	-	5
	Full Board	
	Attended	Held
<i>Directors</i>		
Dr Lisa Anne Ashton	5	5
Jeffrey Paul McWilliam	5	5
James Frederick Brayne	5	5

Held: represents the number of meetings held during the time the External Administrator and Director held office.

Shares under option

There were no unissued ordinary shares of Ex MWG Ltd (Subject to Deed of Company Arrangement) under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Ex MWG Ltd (Subject to Deed of Company Arrangement) issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Directors' report
30 June 2021**

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability 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.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report pursuant to section 298(2)(a) of the Corporations Act (2001) (Cth) is made in accordance with a resolution of the External Administrators, pursuant to the Deed of Company Arrangement, Sections 437A and 444A(5) of the Corporations Act 2001 (Cth) and Schedule 8A of the Corporations Regulations 2001 (Cth).

On behalf of the Directors



Timothy David Mableson
Joint and Several Deed Administrator

28 February 2023

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Deed Administrators of EX-MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of EX-MWG Ltd for the year ended 30 June 2021, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 28 February 2023

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Contents
30 June 2021

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
External Administrators' declaration	25
Independent auditor's report to the members of EX-MWG Ltd (Under External Administration)	26

General information

The financial statements cover Ex MWG Ltd (Subject to Deed of Company Arrangement) as a consolidated entity consisting of Ex MWG Ltd (Subject to Deed of Company Arrangement) (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial year (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Ex MWG Ltd's (Subject to Deed of Company Arrangement) functional and presentation currency.

Ex MWG Ltd (Subject to Deed of Company Arrangement) ('Company') is an unlisted public company limited by shares.

The financial statements were authorised for issue by the Deed Administrators on 28 February 2023. So long as the Deed of Company Arrangement for the Company remains in effect, the Deed Administrators have the power to amend and reissue the financial statements, otherwise, the power will sit with the Directors.

The financial statements have been prepared on a liquidation basis of accounting as described in note 2 of the financial report.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021**

	Note	Consolidated 2021 \$'000	2020 \$'000
Revenue			
Sale of goods	4	28,954	66,496
Cost of sales		<u>(19,460)</u>	<u>(56,752)</u>
Gross profit		<u>9,494</u>	<u>9,744</u>
Other income	5	8,049	1,390
Interest revenue calculated using the effective interest method		1	3
Expenses			
Growing costs		(3,965)	(4,283)
Distribution and marketing expenses		(5,973)	(12,129)
Occupancy and administration expenses		(6,973)	(11,930)
Finance costs		(1,162)	(1,817)
Loss on disposal of investments		<u>-</u>	<u>(2,670)</u>
Operating loss		(529)	(21,692)
Impairment and other provisions	1	<u>(987)</u>	<u>(21,756)</u>
Loss before income tax expense		(1,516)	(43,448)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Ex MWG Ltd (Subject to Deed of Company Arrangement)		(1,516)	(43,448)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges transferred to profit or loss, net of tax		<u>(37)</u>	<u>(5)</u>
Other comprehensive income for the year, net of tax		<u>(37)</u>	<u>(5)</u>
Total comprehensive income for the year attributable to the owners of Ex MWG Ltd (Subject to Deed of Company Arrangement)		<u><u>(1,553)</u></u>	<u><u>(43,453)</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	36,184	6,872
Trade and other receivables	8	699	9,198
Inventories	9	-	8,737
		<u>36,883</u>	<u>24,807</u>
Non-current assets classified as held for sale	11	-	31,171
Total current assets		<u>36,883</u>	<u>55,978</u>
Non-current assets			
Investment in financial assets at fair value through profit or loss	10	16	16
Total non-current assets		<u>16</u>	<u>16</u>
Total assets		<u>36,899</u>	<u>55,994</u>
Liabilities			
Current liabilities			
Trade and other payables	12	20,152	33,019
Contract liabilities		-	143
Employee benefits		-	1,124
Provisions	13	12,836	12,836
Borrowings	14	8,276	11,492
Total current liabilities		<u>41,264</u>	<u>58,614</u>
Non-current liabilities			
Employee benefits		-	192
Total non-current liabilities		<u>-</u>	<u>192</u>
Total liabilities		<u>41,264</u>	<u>58,806</u>
Net liabilities		<u>(4,365)</u>	<u>(2,812)</u>
Equity			
Issued capital	15	56,742	56,742
Reserves	16	-	37
Accumulated losses		<u>(61,107)</u>	<u>(59,591)</u>
Total deficiency in equity		<u>(4,365)</u>	<u>(2,812)</u>

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

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Statement of changes in equity
For the year ended 30 June 2021**

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 July 2019	54,115	42	(16,143)	38,014
Loss after income tax expense for the year	-	-	(43,448)	(43,448)
Other comprehensive income for the year, net of tax	-	(5)	-	(5)
Total comprehensive income for the year	-	(5)	(43,448)	(43,453)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	2,627	-	-	2,627
Balance at 30 June 2020	<u>56,742</u>	<u>37</u>	<u>(59,591)</u>	<u>(2,812)</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 July 2020	56,742	37	(59,591)	(2,812)
Loss after income tax expense for the year	-	-	(1,516)	(1,516)
Other comprehensive income for the year, net of tax	-	(37)	-	(37)
Total comprehensive income for the year	-	(37)	(1,516)	(1,553)
Balance at 30 June 2021	<u>56,742</u>	<u>-</u>	<u>(61,107)</u>	<u>(4,365)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		40,205	76,242
Payments to suppliers and employees		(38,451)	(64,670)
Interest received		1	3
Other income		3,489	1,340
Interest and other finance costs paid		(599)	(1,806)
		<u>4,645</u>	<u>11,109</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(936)
Proceeds from disposal of property, plant and equipment (classified as held for sale)		28,446	-
Proceeds from disposal of property, plant and equipment		-	314
Proceeds from disposal of investments		-	5,481
		<u>28,446</u>	<u>4,859</u>
Cash flows from financing activities			
Proceeds from borrowings		-	6,500
Repayment of borrowings		(3,779)	(16,097)
		<u>(3,779)</u>	<u>(9,597)</u>
Net cash used in financing activities		<u>(3,779)</u>	<u>(9,597)</u>
Net increase in cash and cash equivalents		29,312	6,371
Cash and cash equivalents at the beginning of the financial year		6,872	501
Cash and cash equivalents at the end of the financial year	7	<u><u>36,184</u></u>	<u><u>6,872</u></u>

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

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 1. Appointment of external administrators and liquidation of the consolidated entity

On 8 January 2020, the Directors of the Company at the time appointed External Administrators with the objective of orderly disposing the assets of the consolidated entity and settlement of liabilities. As a result, the financial statements for the year ended 30 June 2021 and 30 June 2020 have been prepared on a liquidation basis.

Under the liquidation basis of accounting, assets are written down to their estimated net realisable value (where relevant) and liabilities are stated at their estimated settlement amounts and relevant estimates are reviewed and adjusted as appropriate.

During the previous financial year ended 30 June 2020, the consolidated entity adjusted its assets and liabilities as follows:

- Impairment of inventory of \$10,828,000 recognised to reduce inventory to net realisable value;
- Provision for lease commitments of \$8,683,000 recognised in relation to onerous lease contracts; and
- Recognised other liabilities of \$2,245,000 relating to claims and payables.

During the year ended 30 June 2021, further impairment and provisions amounting to \$987,000 was recorded.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The financial statements can only be prepared on a going concern basis where there is neither the intention nor the need to liquidate the company or cease trading. If such an intention or need exists, the financial statements cannot be prepared on a going concern basis.

Accordingly, the Directors have determined that the going concern basis is no longer appropriate and these financial statements have not been prepared on a going concern basis but have been prepared on a liquidation basis. Under the liquidation basis of accounting, assets are written down to their estimated net realisable value (where relevant) and liabilities are stated at their estimated settlement amounts and relevant estimates are reviewed and adjusted as appropriate.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ex MWG Ltd (Subject to Deed of Company Arrangement) ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Ex MWG Ltd (Subject to Deed of Company Arrangement) and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 2. Significant accounting policies (continued)

ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Ex MWG Ltd's (Subject to Deed of Company Arrangement) functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Ex MWG Ltd (Subject to Deed of Company Arrangement) (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 48 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 2. Significant accounting policies (continued)

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Financial guarantee

Financial guarantee is measured at fair value for financial reporting purposes. In estimating the fair value of a liability, management has considered the exposure of liabilities when the guarantee is called upon and the probability of default (refer to note 20).

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Major product lines</i>		
Bulk wine	2,122	12,060
Packaged wine	26,832	54,436
	<u>28,954</u>	<u>66,496</u>
<i>Geographical regions</i>		
Australia	26,485	62,588
Rest of the world	2,469	3,908
	<u>28,954</u>	<u>66,496</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>28,954</u>	<u>66,496</u>

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 5. Other income

	Consolidated	
	2021	2020
	\$'000	\$'000
Net foreign exchange gain	19	50
Net gain on disposal of property, plant and equipment	4,541	-
Other sundry income	3,489	1,340
	<u>8,049</u>	<u>1,390</u>
Other income	<u>8,049</u>	<u>1,390</u>

Note 6. Expenses

	Consolidated	
	2021	2020
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expense</i>		
Depreciation of property, plant and equipment	-	1,793
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	1,162	1,817
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	-	241
<i>Leases</i>		
Total rental expense relating to operating leases	1,559	2,236
<i>Superannuation expense</i>		
Defined contribution superannuation expense	756	981

Note 7. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank and on hand	36,184	6,872

Note 8. Trade and other receivables

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	869	8,535
Less: Allowance for expected credit losses	(170)	(170)
	<u>699</u>	<u>8,365</u>
Other receivables	-	833
	<u>699</u>	<u>9,198</u>

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 8. Trade and other receivables (continued)

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$nil (2020: \$147,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Note 9. Inventories

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current assets</i>		
Raw materials and stores	-	1,417
Work in progress	-	531
Finished goods	-	6,789
	<u>-</u>	<u>8,737</u>

The cost of inventories recognised as an expense includes \$ Nil (2020: \$10,828,000) in respect of write downs of inventory to net realisable value.

Note 10. Investment in financial assets at fair value through profit or loss

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Non-current assets</i>		
Investment in financial assets	<u>16</u>	<u>16</u>

Refer to note 18 for further information on fair value measurement.

Note 11. Non-current assets classified as held for sale

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current assets</i>		
Land and buildings	-	19,924
Leasehold improvements	-	130
Plant and equipment	-	3,851
Capital projects in progress	-	133
Grape vines	-	2,505
Inventories work-in-progress	-	4,628
	<u>-</u>	<u>31,171</u>

The assets held for sale, along with associated liabilities, were disposed of in May 2021. The disposal proceeds with a gross consideration of \$46.2 million were higher than the carrying value disclosed above. The gain arising on the disposal is included in note 5 other income.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 12. Trade and other payables

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	16,759	32,732
Other payables	3,393	287
	<u>20,152</u>	<u>33,019</u>

Note 13. Provisions

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current liabilities</i>		
Onerous leases	<u>12,836</u>	<u>12,836</u>

Onerous leases

The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of lease terms where the obligation is expected to exceed the economic benefit to be received.

Note 14. Borrowings

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Current liabilities</i>		
Gallo loans payable (a)	-	1,204
Loans from related parties - shareholder loan notes (b)	4,725	4,725
Interest owed to related parties - on shareholder loan notes (b)	3,551	2,988
Other short term loan (c)	-	2,500
Finance lease liability (d)	-	75
	<u>8,276</u>	<u>11,492</u>

(a) The facility comprised of a \$3.0 million loan note with E&J Gallo Winery ('Gallo'). This represents an external unsecured loan with interest payable at 12% per annum. Gallo loan, including outstanding interest, was fully repaid in November 2020.

(b) Shareholder loan notes are unsecured with variable interest payable at the rate of 8.83% per annum. As per the agreement with other lenders, the Company must not, without the consent of MRWP, pay to the loan note holders any amount (including principal or interest) in connection with the loan notes. The loan notes were originally due for repayment on 30 September 2015. In January 2019, a majority of loan note holders signed a subordination agreement which acknowledged subordination of this debt behind the MRWP loan and convertible notes. However, approximately 17% by value did not agree to subordination.

The outstanding shareholder loan, along with accrued interest, is expected to be partly settled in the future from the net proceeds of the liquidation assets.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd) Notes
to the financial statements
30 June 2021**

Note 14. Borrowings (continued)

- (c) During the previous financial year, a short-term loan was entered into with Gordon Brothers. The loan was secured by a first-ranking fixed and floating charge registered on the Personal Property Securities Register ('PPSR'). The interest rate was 12% per annum. The initial value of the loan was \$6.5 million, which was used to pay MRWP convertible loan notes. The short-term loan was fully repaid during the current financial year.
- (d) Finance lease liabilities relate to the fit out of the Pymont office. The finance lease facility was fully repaid on 31 December 2020.

Note 15. Issued capital

	2021 Shares	Consolidated 2020 Shares	2021 \$'000	2020 \$'000
Ordinary shares - fully paid	67,533,705	67,533,705	56,742	56,742

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2019	61,268,641	54,115
Conversion of shareholder loan notes	1 July 2019	6,265,064	2,627
Balance	30 June 2020	67,533,705	56,742
Balance	30 June 2021	67,533,705	56,742

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 16. Reserves

	Consolidated 2021 \$'000	2020 \$'000
Cash flow hedging reserve	-	37

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 16. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Cash flow hedge \$'000
Balance at 1 July 2019	42
Forward foreign exchange contracts	(5)
	<hr/>
Balance at 30 June 2020	37
Forward foreign exchange contracts	(37)
	<hr/>
Balance at 30 June 2021	<u><u>-</u></u>

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investment in financial assets at fair value through profit or loss	-	-	16	16
Total assets	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	16	16
Consolidated - 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investment in financial assets at fair value through profit or loss	-	-	16	16
Assets classified as held for sale	-	-	31,171	31,171
Total assets	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	31,187	31,187

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 18. Fair value measurement (continued)

Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value:

The assets held for sale are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty and own credit risk and third party offer to purchase.

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021	2020
	\$	\$
Aggregate compensation	<u>1,019,413</u>	<u>977,472</u>

Note 20. Contingent liabilities

	Consolidated	
	2021	2020
	\$'000	\$'000
Banker's undertaking	<u>-</u>	<u>615</u>

Note 21. Commitments

The consolidated entity had no commitments as at 30 June 2021 and 30 June 2020.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021	2020
		%	%
Redvale Wines Pty Limited	Australia	100%	100%
Echelon Wine Partners Pty Limited	Australia	100%	100%
Hanwood Estate Pty Ltd	Australia	100%	100%
Mount Pleasant Wines Pty Limited	Australia	100%	100%
McWilliam's of Yarra Pty Limited	Australia	100%	100%
Barwang International Pty Limited	Australia	100%	100%
MWG Europe Limited	United Kingdom	100%	100%
McWilliam's Wines NZ Limited	New Zealand	100%	100%

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 23. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Sale of goods and services:</i>		
Sale of goods to associate	-	503,152
<i>Payment for goods and services:</i>		
Purchase of goods from associate	161,163	425,752
<i>Payment for other expenses:</i>		
Interest paid or payable on shareholder loan notes	562,796	586,234

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Current receivables:</i>		
Trade receivables from associate	-	217,150
<i>Current payables:</i>		
Trade payables to associate	35,960	202,164

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Current borrowings:</i>		
Shareholder loan notes (note 14)	4,725,000	4,725,000
Interest owed on shareholder loan notes (note 14)	3,550,703	2,987,907

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$'000	\$'000
Loss after income tax	(1,516)	(43,448)
Total comprehensive income	(1,516)	(43,448)

Statement of financial position

	Parent	
	2021	2020
	\$'000	\$'000
Total current assets	36,883	55,978
Total assets	36,899	55,994
Total current liabilities	41,264	58,614
Total liabilities	41,264	58,806
Equity		
Issued capital	56,742	56,742
Cash flow hedging reserve	-	37
Accumulated losses	(61,107)	(59,591)
Total deficiency in equity	<u>(4,365)</u>	<u>(2,812)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity has provided bank guarantees and undertakings amounting to \$nil (2020: \$615,000) as detailed in note 20.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)
Notes to the financial statements
30 June 2021**

Note 25. Events after the reporting period

External Administrators' reporting to creditors and shareholders was either lodged with Australian Securities and Investments Commission ('ASIC') or appears on KPMG's website <https://home.kpmg/au/en/home/creditors/mcwilliams-wines-group.html> and are therefore publicly available.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Ex MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)**

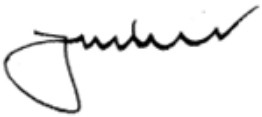
**Deed Administrators' declaration
30 June 2021**

In the Deed Administrators' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- the Company is not a going concern as explained in note 1 of the notes to the financial statements.

Signed in accordance with a resolution of Deed Administrators.

On behalf of the Deed Administrators



Timothy David Mableson
Joint and Several Deed Administrator

28 February 2023

Independent Auditor's Report

To the Members of EX-MWG Ltd (Subject to Deed of Company Arrangement)
(Formerly known as McWilliam's Wines Group Ltd)

Report on the audit of the financial report

Disclaimer opinion

We were engaged to audit the financial report of EX-MWG Ltd (the Company) (subject to Deed of Company Arrangement and formerly known as McWilliam's Wines Group Ltd) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Deed Administrators' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

The financial report for the year ended 30 June 2020 had a Disclaimer of Opinion issued, and we were unable to obtain sufficient appropriate audit evidence for the amounts included in the opening balances at 1 July 2020. As opening balances enter into the determination of financial performance and cash flows, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this limitation in scope not existed.

Additionally, we were formerly appointed as auditors of the Group on 28 February 2023 and thus did not observe the counting of the physical inventories at 30 June 2021. We were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had these limitations in scope not existed.

Due to the sale of the business subsequent to year end, the Group has inadequate books and records and hence we were unable to obtain sufficient appropriate audit evidence in regards to account balances and transactions in the audit period. Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the financial performance, cash flows and financial position for the year to 30 June 2021, which prevents us from forming an opinion on the financial report taken as a whole.

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Information other than the financial report and auditor's report thereon

The Deed Administrators are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Deed Administrators for the financial report

The Deed Administrators of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Deed Administrators' responsibility also includes such internal control as they determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Deed Administrators are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. As the Deed Administrator is in the process of winding up the Group, the liquidation basis of accounting has been adopted.

Auditor's responsibilities for the audit of the financial report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 28 February 2023