

CROUCH INSOLVENCY

CHARTERED ACCOUNTANTS

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**HERITAGE FINE WINES PTY LTD
(IN LIQUIDATION) (RECEIVER & MANAGER APPOINTED) (“HERITAGE”)
ACN 093 310 715**

PRESS RELEASE – COURT APPROVES THE RETURN OF WINE

On 12 December 2005 the Supreme Court of NSW granted all orders and declarations sought by Nicholas Crouch, as Receiver and Manager, pertaining to the ownership and distribution of some 1.25 million bottles of wine that had been held in various warehouses in NSW and Vic by Heritage.

Mr Crouch said today that he was delighted that the Court has agreed with all of his recommendations concerning the ownership and distribution of the wine.

Approximately 3,000 investors had purchased approximately 1.6 million bottles of wine at a cost of approximately \$70M through Heritage and had agreed for the wine to be stored by Heritage on their behalf. In March 2005 the company was placed into Voluntary Administration and subsequently into liquidation. Mr Crouch was appointed as Receiver and Manager of the wine held by the company in May 2005 after it became apparent that there was a shortfall in the warehouses of up to some 250,000 bottles of wine. There were also serious concerns regarding the records available of wine ownership.

In the 6 month period following his appointment, Mr Crouch and his team at Crouch Insolvency have undertaken a painstaking stock count and reconciliation of the wine held to investor claims. The Court described this task as ‘phenomenal’.

As a result of the Court orders Mr Crouch said that he is in a position to commence the distribution process and that deliveries to investors were expected to commence in February 2006.

Mr Crouch said that he has been able to establish ownership of over 96% of the wine held in the warehouses. These include individual bottles valued at up to \$50,000. Many individual investors had purchased over \$250,000 worth of wine for storage with Heritage.

Mr Crouch said that he was pleased that as a result of his activities approximately 60% of investors would recover over 90% of their wine. He added that unfortunately around 6% of investors would recover none of their wine. For the most part, these losses relate to wine labels that the company had not purchased or labels whereby the winery had retained title under their terms of trade with Heritage. Mr Crouch said that, as Liquidator of the company, he shall be conducting further investigations into the conduct of the company and its directors in regard to these “non-purchased” labels and other matters.

Mr Crouch released the following detailed statistics summarising the results of his reconciliation:

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Expected rate of wine recovery (% band)	No. of investors	% of investors
Full recovery	480	16.2
90<100	1237	41.6
80<90	321	10.8
70<80	228	7.7
60<70	129	4.3
50<60	130	4.4
40<50	95	3.2
30<40	69	2.3
20<30	35	1.2
10<20	33	1.1
>0<10	29	1.0
Nil recovery	185	6.2
	2971	100.0

Mr Crouch confirmed that a Sales Advisory Committee was being formed for the purpose of advising investors of how to maximise the sale of their wine. In this regard, some preliminary discussions have been held with leading industry players, wine masters and representatives of the major international wholesaler traders from the UK, USA and Japan.

Mr Crouch added that he expected that the Sales Advisory Committee would also fully explore the possibility that investor wine sold overseas may be eligible for a rebate of the Wine Equalisation Tax. Preliminary advice received by Mr Crouch suggests a WET rebate on exported wine may be worth approximately \$4.50 per bottle to investors.

Mr Crouch said he expects the majority of the investors will elect to leave their wine in storage with Heritage until the Committee is able to report back to investors on their recommended sales strategy. This is estimated to take 2 to 3 months.

Mr Crouch expressed his thanks to investors for their assistance and patience shown to date in the reconciliation process and said that he was looking forward to attending to the distribution of wine back to investors as soon as possible in early 2006.