

McGUIGAN SIMEON WINES LIMITED

**HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

(ACN: 052 179 932 ASX REFERENCE: MGW)

McGuigan Simeon Wines Limited

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| REVENUE AND NET PROFIT | PERCENTAGE CHANGE % | AMOUNT \$'000 |
|---|------------------------------------|--|
| Revenues from continuing operations (excluding revenue from vineyards) | +2% | 149,477 |
| Revenue from vineyards | -50% | 7,140 |
| Total revenue from continuing operations | -3% | 156,617 |
| Profit after income tax | -90% | 594 |
| Dividends (cents) | Amount per security | Franked amount per security |
| Interim dividend | - | - |
| Previous corresponding period | 5.00 | 5.00 |

McGuigan Simeon Wines Limited

Directors' Report

The directors of McGuigan Simeon Wines Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

NAME

David S. Clarke
Dane Hudson
Brian J. McGuigan
Ian D. Ferrier
Nicholas F. Greiner
Christopher L. Harris
Perry R. Gunner

REVIEW OF OPERATIONS

The net profit for the half-year was \$594,000 (2005: \$6,194,000).

An additional press release is attached to this financial report which provides more detail on the company's performance.

INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration is included on page 3.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of directors pursuant to S.306(3) of the Corporations Act 2001.

On behalf of the Directors



Dane B. Hudson
Director

Sydney, 27th February, 2007.

The Board of Directors
McGuigan Simeon Wines Limited
Level 2, 170 Greenhill Road
PARKSIDE SA 5063

27 February 2007

Dear Board Members

McGuigan Simeon Wines Limited

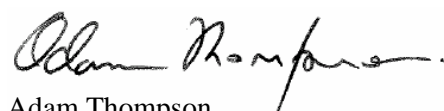
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of McGuigan Simeon Wines Limited.

As lead audit partner for the review of the financial statements of McGuigan Simeon Wines Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


Adam Thompson
Partner
Chartered Accountants

Independent review report to the members of McGuigan Simeon Wines Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31st December 2006 as set out on pages 5 to 12. The consolidated entity comprises both McGuigan Simeon Wines Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

The independence declaration provided to the directors of McGuigan Simeon Wines Limited on 27 February 2007 would be in the same terms if it was given to the directors on the date this review report is made out.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of McGuigan Simeon Wines Limited is not in accordance with

the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner

Chartered Accountants
Sydney, 27 February 2007

McGuigan Simeon Wines Limited

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Dane B. Hudson
Director

Sydney, 27th February, 2007.

McGuigan Simeon Wines Limited

Condensed Consolidated Income Statement for the Half-Year ended 31 December 2006

| | CONSOLIDATED | |
|--|--|--|
| | Half-Year Ended 31/12/06 \$'000 | Half-Year Ended 31/12/05 \$'000 |
| Revenue from sale of goods | 149,111 | 146,539 |
| Revenue from vineyards | 7,140 | 14,182 |
| Revenue from other services | 366 | 79 |
| Cost of sales | (132,535) | (129,405) |
| Gross Profit | 24,082 | 31,395 |
| Other income | 2,198 | 899 |
| Distribution expenses | (6,688) | (5,079) |
| Marketing expenses | (10,390) | (9,718) |
| Administration expenses | (3,693) | (3,980) |
| Share of net profits of associates accounted for using the equity method | - | 30 |
| Finance costs | (5,486) | (5,814) |
| Profit before income tax expense | 23 | 7,733 |
| Income tax benefit/(expense) | 571 | (1,539) |
| Net Profit for the period | 594 | 6,194 |
| Earnings per share | | |
| Basic (cents per share) | 0.49¢ | 5.40¢ |
| Diluted (cents per share) | 0.49¢ | 5.33¢ |

Notes to the accounts are included on pages 10 to 12.

McGuigan Simeon Wines Limited

Condensed Consolidated Balance Sheet as at 31 December 2006

| | CONSOLIDATED | |
|---|--------------------|--------------------|
| | 31/12/06 \$'000 | 30/06/06 \$'000 |
| <i>Current Assets</i> | | |
| Cash and cash equivalents | 2,931 | 6,118 |
| Trade and other receivables | 88,063 | 90,718 |
| Inventories | 185,394 | 195,016 |
| Financial assets | 805 | 1,156 |
| Current tax assets | 2,689 | - |
| Other | 3,950 | 3,464 |
| | 283,832 | 296,472 |
| Non-current assets classified as held for sale | 12,762 | 13,511 |
| <i>Total Current Assets</i> | 296,594 | 309,983 |
| <i>Non-Current Assets</i> | | |
| Receivables | 3,065 | 3,906 |
| Investments accounted for using the equity method | 2,110 | 2,110 |
| Other investments | 842 | 842 |
| Other financial assets | 2,993 | 2,756 |
| Property, plant and equipment | 131,066 | 128,038 |
| Inventories | 41,448 | 55,204 |
| Biological assets | 30,415 | 30,261 |
| Goodwill | 47,711 | 47,711 |
| Deferred tax assets | 14,595 | 11,760 |
| Other Intangible assets | 3,777 | 4,016 |
| Other | 1,486 | 1,439 |
| | 279,508 | 288,043 |
| <i>Total Non-Current Assets</i> | 279,508 | 288,043 |
| <i>Total Assets</i> | 576,102 | 598,026 |
| <i>Current Liabilities</i> | | |
| Trade and other payables | 43,001 | 78,283 |
| Borrowings | 590 | 1,040 |
| Current tax payables | 96 | 95 |
| Provisions | 6,135 | 6,157 |
| Other | 10,073 | 10,066 |
| | 59,895 | 95,641 |
| <i>Total Current Liabilities</i> | 59,895 | 95,641 |
| <i>Non-Current Liabilities</i> | | |
| Borrowings | 156,904 | 146,124 |
| Deferred tax liabilities | 17,555 | 15,290 |
| Provisions | 1,520 | 1,492 |
| | 175,979 | 162,906 |
| <i>Total Non-Current Liabilities</i> | 175,979 | 162,906 |
| <i>Total Liabilities</i> | 235,874 | 258,547 |
| <i>Net Assets</i> | 340,228 | 339,479 |
| <i>Equity</i> | | |
| Issued capital | 376,245 | 375,935 |
| Reserves | 1,572 | 1,727 |
| Accumulated losses | (37,589) | (38,183) |
| | 340,228 | 339,479 |
| <i>Total Equity</i> | 340,228 | 339,479 |

Notes to the accounts are included on pages 10 to 12.

McGuigan Simeon Wines Limited

Condensed Consolidated Cash Flow Statement for the Half-Year Ended 31 December 2006

| | Inflows/(Outflows) | |
|--|---------------------------------------|---------------------------------------|
| | Half-Year Ended 31/12/06 \$'000 | Half-Year Ended 31/12/05 \$'000 |
| <i>Cash Flows from Operating Activities</i> | | |
| Receipts from customers | 172,346 | 182,491 |
| Payments to suppliers and employees | (174,816) | (170,934) |
| Interest and other costs of finance paid | (5,311) | (5,259) |
| Income tax paid | (2,689) | (12,723) |
| Net cash used in operating activities | (10,470) | (6,425) |
| <i>Cash Flows from Investing Activities</i> | | |
| Interest received | 685 | 129 |
| Payment for property, plant and equipment | (2,971) | (4,639) |
| Proceeds from sale of property, plant and equipment | 126 | 156 |
| Net cash used in investing activities | (2,160) | (4,354) |
| <i>Cash Flows from Financing Activities</i> | | |
| Proceeds from issues of equity securities | - | 9,259 |
| Proceeds from borrowings | 11,000 | 4,915 |
| Repayment of borrowings | (1,008) | (1,295) |
| Amounts advanced to related parties | (549) | - |
| Dividends paid (net of dividend reinvestment plan) | - | (8,831) |
| Net cash provided by financing activities | 9,443 | 4,048 |
| <i>Net Increase/(Decrease) In Cash Held</i> | (3,187) | (6,731) |
| <i>Cash At The Beginning Of The Half-Year</i> | 6,118 | 12,728 |
| <i>Cash At The End Of The Half-Year</i> | 2,931 | 5,997 |

Notes to the accounts are included on pages 10 to 12.

McGuigan Simeon Wines Limited

Consolidated Statement of Recognised Income and Expense For The Half-Year Ended 31 December 2006

| | Consolidated | |
|--|---------------------------------------|---------------------------------------|
| | Half-Year Ended 31/12/06 \$'000 | Half-Year Ended 31/12/05 \$'000 |
| Profit for the period | 594 | 6,194 |
| <i>Total recognised income and expense for the period</i> | <i>594</i> | <i>6,194</i> |
| Attributable to: | | |
| Equity holders of the parent | 594 | 6,194 |

Notes to the accounts are included on pages 10 to 12.

McGuigan Simeon Wines Limited

Notes to the Financial Statements for the Half-Year Ended 31 December 2006

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006, other than as detailed below.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the amounts reported for the current or prior years.

2. SUBSEQUENT EVENTS

McGuigan Simeon Wines Limited has had discussions with the Nepenthe Wine Group regarding a possible transaction. No formal proposal has been agreed and discussions remain incomplete, conditional and confidential. There are no other subsequent events.

3. DIVIDENDS

| | Half Year Ended 2006 | | | Half Year Ended 2005 | | |
|--|-------------------------|-----------------------|-----------------|-------------------------|-----------------------|-----------------|
| | Date Paid | Cents per Share | Total \$'000 | Date Paid | Cents per Share | Total \$'000 |
| <u>Fully Paid Ordinary Shares</u> | | | | | | |
| Recognised amounts: | | | | | | |
| Final dividend paid in respect of prior financial year | | - | - | 22/11/05 | 13.25¢ | 15,079 |
| Unrecognised amounts: | | | | | | |
| Interim dividend in respect of current year | | - | - | 27/03/06 | 5.00¢ | 5,909 |

McGuigan Simeon Wines Limited

Notes to the Financial Statements for the Half-Year Ended 31 December 2006

4. DISCLOSURE OF ADDITIONAL INFORMATION

| | Consolidated | |
|--|--------------------------|--------------------------|
| | As at 31/12/06 \$'000 | As at 30/06/06 \$'000 |
| (a) <i>Net Tangible Assets per security</i> | \$2.43 | \$2.43 |
| (b) (i) <i>Control gained over entities having material effect</i> | | |
| Nil | | |
| (ii) <i>Loss of control over entities having material effect.</i> | | |
| Nil | | |

5. DETAILS OF ASSOCIATES AND JOINT VENTURES

| Equity accounted associates and joint venture entities | Percentage of ownership interest held at end of period or date of disposal | | Contribution to net profit / (loss) | |
|--|--|-------------------------------|-------------------------------------|---|
| | Current period | Previous corresponding period | Current period \$A'000 | Previous corresponding period - \$A'000 |
| Tempus Two Pty Ltd | 50% | 50% | Nil | 30 |
| Mangoola Vineyards Pty Ltd | 45% | 45% | Nil | Nil |
| Total | | | - | 30 |

6. CONTINGENT ASSETS & LIABILITIES

There has been no material change in contingent assets and liabilities from those stated at 30th June 2006.

7. ISSUANCES OF SECURITIES

During the half-year reporting period McGuigan Simeon Wines Limited issued 66 thousand ordinary shares for \$312 thousand (2005: \$261 thousand) on exercise of 66 thousand directors remuneration shares. As a result of this share issue, \$312 thousand was transferred from the equity-settled employee benefits reserve to issued capital.

McGuigan Simeon Wines Limited issued 354,436 share options (2005: Nil) over ordinary shares under its executive option acquisition plan during the half-year reporting period. There were no share options exercised during the half-year reporting period by McGuigan Simeon Wines Limited (2005 : 144 thousand for \$428 thousand).

There were no shares issued under the dividend re-investment plan (2005 : 2,571 thousand for \$8,831 thousand). There were no shares issued under an underwriting agreement (2005 : 1,818 thousand for \$6,248 thousand).

The movement of \$155 thousand (2005 : \$131 thousand) in reserves relates to the issuance of director remuneration shares at fair value.

There were no other movements in the ordinary share capital or issued capital in the current or prior half-year reporting period.

McGuigan Simeon Wines Limited

Notes to the Financial Statements for the Half-Year Ended 31 December 2006

8. SEGMENT INFORMATION

| | Consolidated | |
|---|--|--|
| | Half-Year Ended 31/12/06 \$'000 | Half-Year Ended 31/12/05 \$'000 |
| Segment revenue | | |
| Bottled wine division – branded / casks | 80,341 | 78,822 |
| Bottled wine division – private label | 26,561 | 34,869 |
| Bulk wine and processing | 42,575 | 32,927 |
| Vineyards | 7,140 | 14,182 |
| Total of all segments | <u>156,617</u> | <u>160,800</u> |
| Segment result | | |
| Bottled wine division – branded / casks | 3,684 | 6,010 |
| Bottled wine division – private label | 1,341 | 1,910 |
| Bulk wine and processing | (130) | 3,000 |
| Vineyards | (1,093) | 2,152 |
| Total of all segments | <u>3,802</u> | <u>13,072</u> |
| Unallocated * | <u>(3,779)</u> | <u>(5,339)</u> |
| Profit before income tax expense | 23 | 7,733 |
| Income tax benefit/(expense) | 571 | (1,539) |
| Profit for the period | <u>594</u> | <u>6,194</u> |

* Unallocated results include interest expense and other income.