

AUSTRALIAN VINTAGE LTD

(formerly McGuigan Simeon Wines Limited)

**HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

(ACN: 052 179 932 ASX REFERENCE: AVG)

Australian Vintage Ltd

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REVENUE AND NET PROFIT	<i>PERCENTAGE CHANGE %</i>	<i>AMOUNT \$'000</i>
Revenues from continuing operations	+ 0.5	133,068
Total revenue from continuing operations	+ 0.5	133,068
Net Profit after significant items	+ 8.2	643

Dividends (cents)	Amount per security	Franked amount per security
Interim dividend	-	-
Previous corresponding period	-	-

Australian Vintage Ltd

The directors of Australian Vintage Ltd submit herewith the financial report for the half-year ended 31 December 2007. 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 \$643,000 (2006: \$594,000).

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, 27 February, 2008.

The Board of Directors
Australian Vintage Ltd
Level 2, 170 Greenhill Road
PARKSIDE SA 5063

27 February 2008

Dear Board Members

Australian Vintage Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Vintage Ltd.

As lead audit partner for the review of the financial statements of Australian Vintage Ltd for the half-year ended 31 December 2007, 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 Auditor's Review Report to the members of Australian Vintage Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Vintage Ltd, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising Australian Vintage Ltd (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Vintage Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Australian Vintage Ltd 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants
Sydney, 27 February 2008

Australian Vintage Ltd

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, 27 February, 2008.

Australian Vintage Ltd

Condensed Consolidated Income Statement for the Half-Year ended 31 December 2007

	Note	CONSOLIDATED	
		Half-Year Ended 31/12/07 \$'000	Half-Year Ended 31/12/06 \$'000
Revenue from sale of goods		124,090	124,909
Revenue from vineyards		7,400	7,140
Revenue from other services		1,578	366
Cost of sales		(101,560)	(106,113)
Cost of sales – prior year international rebate claims	5	(1,239)	-
Cost of sales – re-organisation of domestic business	5	(1,076)	-
Cost of sales – cost of exiting Grande Junction development	5	-	(2,220)
Gross Profit		29,193	24,082
Other income		1,393	2,198
Profit on sale of assets	5	2,981	-
Distribution expenses		(6,367)	(6,688)
Sales and marketing expenses		(12,369)	(10,390)
Administration expenses		(3,384)	(3,693)
Re-organisation of overseas distribution agreements	5	(4,407)	-
Finance costs		(6,207)	(5,486)
Profit before income tax		833	23
Tax (expense)/income		(190)	571
Profit for the period		643	594
 Earnings per share			
Basic (cents per share)		0.50	0.49
Diluted (cents per share)		0.50	0.49

Notes to the financial statements are included on pages 10 to 13.

Australian Vintage Ltd

Condensed Consolidated Balance Sheet as at 31 December 2007

	NOTE	CONSOLIDATED	
		31/12/07 \$'000	30/06/07 \$'000
<i>Current Assets</i>			
Cash and cash equivalents		7,229	3,997
Trade and other receivables		85,767	104,096
Inventories		162,066	170,292
Financial assets		552	613
Current tax assets		-	2,190
Other		7,907	4,873
		263,521	286,061
Non-current assets classified as held for sale		-	9,123
<i>Total Current Assets</i>		263,521	295,184
<i>Non-Current Assets</i>			
Receivables		3,204	3,974
Investments accounted for using the equity method		1,909	2,110
Other financial assets		7,013	5,608
Property, plant and equipment		128,023	132,398
Inventories		40,306	47,180
Biological assets		35,650	37,373
Goodwill		47,711	47,711
Deferred tax assets		16,804	17,566
Water Licences		8,726	3,424
Other Intangible assets		10,090	9,667
		299,436	307,011
<i>Total Non-Current Assets</i>		299,436	307,011
<i>Total Assets</i>		562,957	602,195
<i>Current Liabilities</i>			
Trade and other payables		41,904	77,562
Borrowings		486	624
Current tax payables		95	95
Provisions		6,605	6,677
Other		7,372	11,318
		56,462	96,276
<i>Total Current Liabilities</i>		56,462	96,276
<i>Non-Current Liabilities</i>			
Borrowings		153,072	153,188
Deferred tax liabilities		9,465	10,036
Provisions		1,255	1,247
		163,792	164,471
<i>Total Non-Current Liabilities</i>		163,792	164,471
<i>Total Liabilities</i>		220,254	260,747
<i>Net Assets</i>		342,703	341,448
<i>Equity</i>			
Issued capital		401,441	401,266
Reserves		2,031	1,594
Accumulated losses	9	(60,769)	(61,412)
<i>Total Equity</i>		342,703	341,448

Notes to the financial statements are included on pages 10 to 13.

Australian Vintage Ltd

Condensed Consolidated Cash Flow Statement for the Half-Year Ended 31 December 2007

	Inflows/(Outflows)	
	Half-Year Ended	Half-Year Ended
	31/12/07	31/12/06
	\$'000	\$'000
<i>Cash Flows from Operating Activities</i>		
Receipts from customers	158,733	148,144
Payments to suppliers and employees	(141,366)	(150,614)
Interest and other costs of finance paid	(6,203)	(5,311)
Payment for temporary water licences	(8,611)	-
Payments relating to re-organisation of overseas distribution agreements	(4,407)	-
Interest and bill discounts received	332	685
Income tax received / (paid)	2,190	(2,689)
Net cash provided by / (used in) operating activities	668	(9,785)
<i>Cash Flows from Investing Activities</i>		
Payment for permanent water licences	(5,302)	-
Payment for property, plant and equipment	(7,756)	(2,822)
Payment for computer software	(308)	(149)
Proceeds from sale of property, plant and equipment	11,629	126
Other	(237)	-
Net cash used in investing activities	(1,974)	(2,845)
<i>Cash Flows from Financing Activities</i>		
Proceeds from borrowings	5,000	11,000
Repayment of borrowings	(615)	(1,008)
Amounts advanced to related parties	-	(549)
Amounts received from related parties	153	-
Net cash provided by financing activities	4,538	9,443
<i>Net Increase/(Decrease) In Cash Held</i>	3,232	(3,187)
<i>Cash At The Beginning Of The Half-Year</i>	3,997	6,118
<i>Cash At The End Of The Half-Year</i>	7,229	2,931

Notes to the financial statements are included on pages 10 to 13.

Australian Vintage Ltd

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2007

	Share capital \$'000	Equity- settled employee benefits reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Accum – ulated losses \$'000	Total \$'000
Balance at 1 July 2006	375,935	1,727	-	-	(54,971)	322,691
Profit for the period	-	-	-	-	594	594
Total recognised income and expense	-	-	-	-	594	594
Recognition of share-based payments	-	(155)	-	-	-	(155)
Issue of shares under share option plan	310	-	-	-	-	310
Balance at 31 December 2006	376,245	1,572	-	-	(55,565)	322,252
Balance at 1 July 2007	401,266	1,594	-	-	(61,412)	341,448
Gain on interest rate swaps	-	-	1,235	-	-	1,235
Exchange differences arising on translation of foreign operations	-	-	-	322	-	322
Net income recognised directly in equity	-	-	1,235	322	-	1,557
Profit for the period	-	-	-	-	643	-
Total recognised income and expense	-	-	-	-	643	643
Recognition of share-based payments	-	(1,120)	-	-	-	(1,120)
Issue of shares under share option plan	175	-	-	-	-	175
Balance at 31 December 2007	401,441	474	1,235	322	(60,769)	342,703

Notes to the financial statements are included on pages 10 to 13.

Australian Vintage Ltd

Notes to the Financial Statements for the Half-Year Ended 31 December 2007

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 Accounting Standard 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 2007 annual financial report for the financial year ended 30 June 2007, 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 2007. 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

In January 2008, a financial investment was disposed for one million dollars, in line with its historical cost. There have been no other matters or circumstances that have arisen since the end of the half year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

3. DIVIDENDS

	Half Year Ended 31 December 2007			Half Year Ended 31 December 2006		
	Date Paid	per Share	Total \$'000	Date Paid	per Share	Total \$'000
<u>Fully Paid Ordinary Shares</u>						
Recognised amounts:						
Final dividend paid in respect of prior financial year			-			-
Unrecognised amounts:						
Interim dividend in respect of current year			-			-

Australian Vintage Ltd

Notes to the Financial Statements for the Half-Year Ended 31 December 2007

4. DISCLOSURE OF ADDITIONAL INFORMATION

	Consolidated	
	As at 31/12/07 \$	As at 30/06/07 \$
(a) <i>Net Tangible Assets per security</i>	2.15	2.15
(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. SIGNIFICANT ITEMS

	Consolidated	
	Half-Year Ended 31/12/07 \$'000	Half-Year Ended 31/12/06 \$'000
During the half year Australian Vintage Ltd incurred revenue and expenses of a significant and one-off nature:		
Profit before tax on disposal of winery and vineyard assets	2,981	-
Costs associated with the re-organisation of overseas distribution agreements	(4,407)	-
Costs associated with exiting Grande Junction development ¹	-	(2,220)
Prior year international rebate claims ¹	(1,239)	-
Costs associated with the re-organisation of domestic business ¹	(1,076)	-
Significant items before income tax	(3,741)	(2,220)
Tax income on significant items	1,122	666
Significant items after income tax benefit	(2,619)	(1,554)

¹ Included in cost of sales.

6. 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%	-	-
Mangoola Vineyards Pty Ltd	0%	45%	-	-
Total			-	-

Australian Vintage Ltd

Notes to the Financial Statements for the Half-Year Ended 31 December 2007

7. CONTINGENT ASSETS & LIABILITIES

There have been no material change in contingent assets and liabilities from those stated at 30th June 2007, other than the re-organisation of distribution arrangements as referred to in the financial statements.

8. ISSUANCES OF SECURITIES

During the half-year reporting period Australian Vintage Ltd issued 66 thousand ordinary shares for \$175 thousand (2006: \$310 thousand) on exercise of 66 thousand directors remuneration shares. As a result of this share issue, \$175 thousand was transferred from the equity-settled employee benefits reserve to issued capital.

Australian Vintage Ltd issued 407,410 share options (2006: 354,436) 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 (2006: Nil).

There were no shares issued under the dividend re-investment plan (2006: Nil). There were no shares issued under an underwriting agreement (2006: Nil).

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

9. ACCUMULATED LOSSES

During the half year ended 31 December 2007 the Company identified that a sale and operating leaseback of certain pipeline assets has been inappropriately accounted for since the year ended 30 June 2001. The Company has been accounting for the pipeline assets as property, plant and equipment, whereas in fact the company had disposed of its ownership interest in the pipeline as part of the disposal of the Hunter Estate winery in June 2001. Consequently, the financial statements as at 1 July 2006 and for the year ended 30 June 2007 have been amended to derecognize the pipeline assets. Rental payments for the pipeline have been properly charged to the income statement over the lease term. Assets, liabilities and equity as at 1 July 2006 and 30 June 2007, and the income statement for the year ended 30 June 2007, have been restated accordingly. The effect on the balance sheet as at 1 July 2006 and 30 June 2007 and on the income statement for the year ended 30 June 2007 is as follows:

	Consolidated	
	Reported	Re-stated
	As at 30/6/07	As at 30/06/07
	\$'000	\$'000
Property, plant and equipment	136,528	135,822
Deferred tax assets	17,357	17,566
Accumulated losses	(60,915)	(61,412)

Australian Vintage Ltd

Notes to the Financial Statements for the Half-Year Ended 31 December 2007

10. SEGMENT INFORMATION

	Consolidated	
	Half-Year Ended 31/12/07 \$'000	Half-Year Ended 31/12/06 \$'000
Segment revenue		
Branded wine division	78,571	63,558
Private Label wine division	10,460	19,142
Bulk wine and processing	36,637	42,575
Vineyards	7,400	7,140
Total of all segments	133,068	132,415
Segment result		
Branded wine division	7,018	3,684
Private Label wine division	203	1,341
Bulk wine and processing	688	(130)
Vineyards	1,455	1,127
Total of all segments	9,364	6,022
Unallocated *	(8,531)	(5,999)
Profit before income tax expense	833	23
Income tax benefit/(expense)	(190)	571
Profit for the period	643	594

* Unallocated result includes interest expense, other income and significant items (note 5).