

M c G U I G A N
S I M E O N
W I N E S L I M I T E D



Preliminary Final Report of
McGuigan Simeon Wines Limited
for the Financial Year Ended 30 June 2007

(ACN 052 179 932)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period: Financial Year ending 30 June 2007

Previous Corresponding Period: Financial Year ending 30 June 2006

Revenue and Net Profit

		Percentage Change %	Amount \$'000
Revenue from ordinary activities (before rendering of vineyard contract services and vineyard lease revenue)	Down	3.5	275,163
Revenue from rendering of vineyard contract services and vineyard lease revenue	Down	54.2	<u>11,536</u>
Revenue from ordinary activities	Down	7.6	<u>286,699</u>
Loss from ordinary activities after tax attributable to members			<u>(5,944)</u>
Net loss attributable to members			<u><u>(5,944)</u></u>

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

See the attached press release.

Details Relating to Dividends

		Date dividend paid	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2007	-	-	-
	2006	-	-	-
Interim dividend	2007	-	-	-
	2006	27/3/06	5.00	-
Total	2007	-	-	-
	2006	-	5.00	-

Total dividend (distribution) per security (interim plus final)

	2007 ¢	2006 ¢
Ordinary securities (each class separately)	-	5.00

Interim and final dividend (distribution) on all securities

	2007 \$'000	2006 \$'000
Ordinary securities (each class separately)	-	5.00
Total	<u>-</u>	<u>5.00</u>

Any other disclosures in relation to dividends (distributions).

None

Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

McGuigan Simeon Wines Limited Dividend Re-investment Plan

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Net Tangible Assets Per Security

Net tangible assets per security

2007
\$

2006
\$

2.16

2.23

Commentary on Results

See attached press release.

Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

- The accounts have been audited.
- The accounts are in the process of being audited or subject to review.
- The accounts have been subject to review.
- The accounts have not yet been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Nil.

Description of dispute or qualification if the accounts have been audited or subjected to review.

Nil.

Income Statement

for the financial year ended 30 June 2007

	Note	Consolidated	
		2007 \$'000	2006 \$'000
Revenue		335,740	360,826
Trade discounts and returns		(49,041)	(50,406)
Revenue net of trade discounts and returns	2	286,699	310,420
Cost of sales	2	(241,830)	(243,463)
Gross Profit		44,869	66,957
Net market value of grapes picked during the financial year		(944)	1,311
Other income	2	3,268	3,430
Distribution expenses		(13,374)	(11,304)
Marketing/Selling expenses		(20,001)	(18,155)
Administration expenses		(9,096)	(8,851)
Share of net profit/(losses) of associates accounted for using the equity method		-	53
Finance costs		(10,901)	(11,188)
Foreign exchange losses		(819)	-
Inventory write down		-	(44,372)
Impairment of property, plant and equipment		(2,472)	-
Loss before income tax	2	(9,470)	(22,119)
Tax income		3,526	7,280
Loss for the year		(5,944)	(14,839)
Earnings Per Share:			
Basic (cents per share)	7	(4.8)	(12.7)
Diluted (cents per share)	7	(4.8)	(12.7)

Notes to the financial statements are included on pages 7 to 14.

Balance Sheet as at 30 June 2007

	Note	Consolidated	
		2007 \$'000	2006 \$'000
Current Assets			
Cash and cash equivalents		3,997	6,118
Trade and other receivables		104,096	98,679
Inventories		170,292	171,032
Other financial assets		613	1,156
Current tax assets		2,190	-
Other		4,873	4,893
		286,061	281,878
Non-current assets classified as held for sale		9,123	13,511
Total Current Assets		295,184	295,389
Non-Current Assets			
Receivables		3,974	3,906
Inventories		47,180	55,204
Investments accounted for using the equity method	3	2,110	2,110
Other financial assets		4,085	3,598
Biological assets		37,373	30,261
Property, plant and equipment		136,528	128,027
Goodwill		47,711	47,711
Other intangible assets		9,667	4,027
Deferred tax assets		17,357	18,956
Other		1,523	1,439
Total Non-Current Assets		307,508	295,239
Total Assets		602,692	590,628
Current Liabilities			
Trade and other payables		77,562	81,244
Borrowings		624	6,040
Current tax liabilities		95	95
Provisions		6,677	6,157
Other		11,318	10,066
Total Current Liabilities		96,276	103,602
Non-Current Liabilities			
Borrowings		153,188	147,553
Deferred tax liabilities		10,036	15,290
Provisions		1,247	1,492
Total Non-Current Liabilities		164,471	164,335
Total Liabilities		260,747	267,937
Net Assets		341,945	322,691
Equity			
Issued capital	4	401,266	375,935
Reserves	5	1,594	1,727
Accumulated losses	6	(60,915)	(54,971)
Total Equity		341,945	322,691

Notes to the financial statements are included on pages 7 to 14.

Statement of Recognised Income and Expense

For the financial year ended 30 June 2007

	Note	Consolidated	
		2007 \$'000	2006 \$'000
Loss for the year		(5,944)	(14,839)
Total recognised income and expense for the period attributable to equity holders of the parent		(5,944)	(14,839)

Notes to the financial statements are included on pages 7 to 14.

Cash Flow Statement

For the financial year ended 30 June 2007

	Note	Consolidated	
		2007 \$'000	2006 \$'000
Cash flows from operating activities			
Receipts from customers		305,537	343,947
Payments to suppliers and employees		(285,841)	(292,237)
Interest and other costs of finance paid		(10,519)	(10,457)
Income tax paid		(2,190)	(8,357)
Interest and bill discounts received		752	485
Net cash provided by operating activities		7,739	33,381
Cash flows from investing activities			
Payments for property, plant and equipment		(11,557)	(16,676)
Payments for new software system		(1,178)	-
Proceeds from sale of property, plant & equipment		563	3,272
Payment for business	12	(22,338)	-
Other		-	53
Net cash used in investing activities		(34,510)	(13,351)
Cash flows from financing activities			
Proceeds from issue of equity securities		25,584	10,169
Costs related to issue of securities		(564)	-
Dividends paid		-	(9,741)
Proceeds from borrowings		7,135	975
Repayment of borrowings		(6,669)	(28,043)
Amounts advanced to related parties		(836)	-
Net cash provided by/(used in) financing activities		24,650	(26,640)
Net decrease in cash and cash equivalents		(2,121)	(6,610)
Cash and cash equivalents at the beginning of the financial year		6,118	12,728
Cash and cash equivalents at the end of the financial year	13	3,997	6,118

Notes to the financial statements are included on pages 7 to 14.

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 1 basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the December 2006 half year report, except as disclosed below:

Change of accounting policy

Actual vintage completion date changes from year to year, however, the company selects a cut-off point based upon our historical trends and historical vintage changeover dates. The company has reviewed its position and has amended its policy in respect of how vintage costs are allocated to individual vintages.

The company's historic accounting policy in relation to vintage costs was to capitalise the costs up to 31 March of each year. Costs incurred between April and June were capitalised and treated as part of inventory of the next vintage. The company has reviewed this policy and believes that the March cut-off is now not an appropriate reflection of the point of vintage changeover.

The company believes the appropriate cut-off for vintage costs is 30 September.

This change represents a change in accounting policy and the effect has been to decrease cost of sales by \$1,905 thousand (2006: \$1,882 thousand increase), increase accumulated losses at 1 July 2005 by \$13,495 thousand (1 July 2006: \$16,488 thousand increase), increase stock write-down by Nil (2006: \$2,882 thousand increase) and increase income tax expense by \$572 thousand (2006: \$1,411 thousand decrease).

The effect on Earnings Per Share is:

	2007	2006
EPS (before change in accounting policy)	(5.9)	(9.9)
EPS (after change in accounting policy)	(4.8)	(12.7)

Notes to the Financial Statements
for the financial year ended 30 June 2007

Note 2 loss from operations

	Consolidated	
	2007	2006
	\$'000	\$'000
(a) Revenue		
Revenue from the sale of goods	260,576	271,814
Revenue from contract processing	14,587	13,420
Revenue from rendering vineyard contract services	11,536	19,153
Vineyard lease revenue	-	6,033
Total revenue	286,699	310,420
Other Income		
Interest income	939	1,177
Rental income - other	648	765
Foreign exchange gains	-	442
Dividends – Other entities	369	-
Other	1,312	1,046
Total other income	3,268	3,430
(b) Loss before income tax		
Loss before income tax has been arrived at after crediting/(charging) the following gains and losses:		
Gain/(loss) on disposal of property, plant and equipment	140	(156)
Foreign exchange losses	(819)	-
Loss before income tax has been arrived at after charging the following expenses:		
Cost of Sales	241,830	243,463
Write down of inventory to net realisable value	-	44,372
Impairment of property, plant and equipment	2,472	-
Finance costs:		
Interest on loans	10,458	10,662
Finance lease interest	443	526
	10,901	11,188
Depreciation of non-current assets	10,390	10,862
Amortisation of non-current assets	-	256
	10,390	11,118
Operating lease rental expenses (minimum lease payments)	18,273	21,882
Write down of investment	-	44

Notes to the Financial Statements
for the financial year ended 30 June 2007

Note 3: investments accounted for using the equity method

	Consolidated	
	2007 \$'000	2006 \$'000
Investment in associates	2,110	2,110

(a) Interest in associates

Name of Entity	Principal Activity	Ownership Interest		Consolidated Carrying Amount	
		2007 %	2006 %	2007 \$'000	2006 \$'000
Mangoola Vineyards Pty Ltd	Vineyard Investor	45	45	-	-
Tempus Two Pty Limited	Winery Ownership	50	50	2,110	2,110
				2,110	2,110

Both entities are incorporated in Australia and voting rights equal ownership interest and both have same year ends as the Company.

(b) Movement in Investments in Associates

	Consolidated	
	2007 \$'000	2006 \$'000
Equity accounted amount of investment at the beginning of the financial year.	2,110	2,150
Write down of investment	-	(44)
Disposal of interests in associates	-	(49)
Share of loss from ordinary activities before income tax expenses	-	76
Share of income tax benefit related to ordinary activities	-	(23)
Equity accounted amount of investment at the end of the financial year.	2,110	2,110

(c) Summarised financial position of associates

	Consolidated	
	2007 \$'000	2006 \$'000
Current assets	2,373	380
Non-current assets	8,781	9,009
Total assets	11,154	9,389
Current liabilities	6,845	5,080
Net assets	4,309	4,309
Revenue	3,606	3,195
Expenses	(3,606)	(3,089)
Profit before tax	-	106
Income tax expense	-	(32)
Profit after tax	-	74

(d) Share of reserves attributable to associates

<i>Retained profits/(accumulated losses)</i>		
At the beginning of the financial year	(103)	(156)
At the end of the financial year	(103)	(103)

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 4: issued capital

	Consolidated	
	2007 \$'000	2006 \$'000
128,377,917 Fully paid ordinary shares (2006: 120,059,059)	401,266	375,935
	2007 \$'000	2007 Number
Fully paid ordinary share capital		
Beginning of financial year	375,935	120,059,059
Issued during the year		
Non-executive share scheme	-	66,000
Shares issued – Nepenthe purchase	25,000	8,064,516
Share purchase plan	584	188,342
Share issue costs	(564)	-
Transfer from reserves	311	-
End of financial year	401,266	128,377,917

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. All shares have equal rights to voting and dividends.

Note 5: reserves

	Consolidated	
	2007 \$'000	2006 \$'000
Employee equity-settled benefits(i)	1,594	1,727
Employee equity-settled benefits:		
Beginning of financial year	1,727	1,571
Transfer to issued capital	(311)	(261)
Share based payments	178	417
End of financial year	1,594	1,727

(i) Reserve relates to the fair value of share based payments provided to directors and employees of the company.

Note 6: Accumulated losses

Balance at beginning of financial year	(54,971)	(19,144)
Dividends provided for or paid (note 8)	-	(20,988)
Net loss	(5,944)	(14,839)
End of financial year	(60,915)	(54,971)

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 7: earnings per share

	Consolidated	
	2007 Cents Per share	2006 Cents Per share
Basic earnings per share	(4.8)	(12.7)
Diluted earnings per share	(4.8)	(12.7)
	\$'000	\$'000
Loss for the year	(5,944)*	(14,839)*
	2007 \$'000 Number of Shares	2006 \$'000 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	122,717*	116,960*
Dilutive securities:		
Share options	1,163	1,485

The share options as listed above are not considered dilutive as their effect is to reduce the loss per share.

* Used for calculation of Basic and Diluted Earnings Per Share.

Note 8: dividends

	Company 2007		Company 2006	
	Cents Per share	Total \$'000	Cents Per share	Total \$'000
Fully paid ordinary shares:				
Interim dividend – franked to 30%	-	-	5.00	5,909
Final dividend – franked to 30%	-	-	13.25 *	15,079
		-		20,988
Adjusted franking account balance		17,627		15,424

* Dividend paid relates to year ending 30 June 2005.

Note 9: contingent liabilities

The Group is a defendant in a legal claim involving the alleged breach of a distribution agreement. The directors believe, based on legal advice and the information available to date, that the action can be successfully defended and therefore no material losses will be incurred.

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 10: segment information

Business Segments

Segments Revenue, Results, Assets and Liabilities

	Revenue 2007 \$'000	Revenue 2006 \$'000	Results 2007 \$'000	Results 2006 \$'000	Assets 2007 \$'000	Assets 2006 \$'000	Liabilities 2007 \$'000	Liabilities 2006 \$'000
Bottled wine – branded/casks	132,242	134,688	4,221	10,734	115,992	92,629	27,241	23,235
Bottled wine – private label	38,950	47,592	1,588	2,046	13,087	15,658	3,741	4,132
Bulk wine and processing	103,971	102,954	(3,557)	(28,197)	366,650	386,014	39,036	50,922
Vineyards	11,536	25,186	(1,619)	2,836	80,014	67,860	21,676	20,257
Unallocated	-	-	(10,103)	(9,538)	26,949	28,467	169,053	169,391
Total	286,699	310,420	(9,470)	(22,119)	602,692	590,628	260,747	267,937
Tax income			3,526	7,280				
Net Profit/(Loss)			(5,944)	(14,839)				

Bottled wine – branded / casks result for 2005/6 includes \$2,005,000 relating to inventory write down.

Bulk wine and processing result for 2005/6 includes \$42,367,000 relating to inventory write down.

Unallocated results include finance costs.

Unallocated assets include tax related assets.

Unallocated liabilities includes commercial bill facilities utilised in the whole business and tax related liabilities

The bottled wine division assets include the carrying value of the equity accounted investment in an associate amounting to \$2.1 million.

Other Segmental Information

	Acquisition of segment assets		Depn. & amort. of segment assets		Significant non- cash expenses		Share of Associates Profit/(Loss)		Carrying value of Equity Investments	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Bottled wine - brands/casks	12,305	980	1,475	1,415	-	-	-	53	2,110	2,110
Bottled wine - private label	-	-	-	-	-	-	-	-	-	-
Bulk wine and processing	10,882	5,364	8,423	8,925	-	-	-	-	-	-
Vineyards	12,280	-	-	-	-	-	-	-	-	-
Unallocated	1,579	1,316	492	778	-	-	-	-	-	-
Total	37,046	7,660	10,390	11,118	-	-	-	53	2,110	2,110

Geographical Segments

	Revenue from customers		Segment assets		Acquisition of segment assets	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Australia	135,578	147,860	540,673	531,968	37,046	7,660
Europe	114,011	124,081	51,192	41,835	-	-
North America	21,954	26,307	6,608	9,161	-	-
Other *	15,156	12,172	4,219	7,664	-	-
Total	286,699	310,420	602,692	590,628	37,046	7,660

* Other includes Asia and New Zealand.

Products and Services within each Business Segment

- Bottled wine
- Sale of bottled wine throughout Australia and overseas, split between sales of branded and cask product and sales of private label product.
- Bulk wine & processing
- Sale of bulk wine and bulk in bottle throughout Australia and overseas.
- Vineyards
- Contract management and development of vineyards.
 - Profit on owned vineyards.

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 11: subsequent events

Subsequent to year end, the company has renegotiated its bank facilities. Under the new facilities, the company has provided the bank with security over the majority of assets within the Group.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial 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.

Note 12: acquisition of businesses

Names of businesses acquired	Principal activity	Date of Acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2007				
Nepenthe	Grape growing & winemaking, wine sales	30/03/07	N/A	23,162 *

* Includes earn-out of \$500,000, which has then been discounted to present value and adjusted for the likelihood of successful payment.

2006

Nil

	\$'000 Book value	\$'000 Fair value adjustment	\$'000 Fair value on acquisition	
2007				
Current assets				
Inventories	5,249	(243)	5,006	
Prepayments	4	-	4	
Non-current assets				
Deferred tax asset	129	-	129	
Plant & equipment	14,228	615	14,843	
Brand names	-	4,462	4,462	
Current liabilities				
Deferred Revenue	(178)	-	(178)	
Employee provisions	(429)	-	(429)	
Lease liabilities	(100)	-	(100)	
Non-current liabilities				
Lease liabilities	(575)	-	(575)	
Contingent liabilities	-	-	-	
	<u>18,328</u>	<u>4,834</u>	<u>23,162</u>	
Total consideration				23,162
Less amounts due and payable				(824)
Net cash outflow				<u>22,338</u>

The initial accounting for the acquisition of Nepenthe has only been provisionally determined at reporting date. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the deferred tax balances and intangibles noted above have therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

The cost of the acquisition comprises cash which was financed by way of a share issue. The Group has paid a premium for the acquiree as it believes the acquisition will create synergistic benefits to its existing operations.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the Nepenthe business. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Nepenthe. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the net profit for the period is \$326 thousand attributable to the additional business generated by Nepenthe. Had this business combination been effected at 1st July 2006, the revenue of the Group would be \$347,572 thousand, and net loss \$4,603 thousand. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 13: notes to the statement of cash flow

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Balance Sheet as follows:

	Consolidated	
	2007 \$'000	2006 \$'000
Cash	3,997	6,118

(b) Financing Facilities

Unsecured bank overdraft facility, reviewed annually and payable at call:

Amount Used	-	-
Amount Unused	5,000	5,000
	5,000	5,000

Unsecured revolving lease facility:

Amount Used	-	139
Amount Unused	2,000	1,861
	2,000	2,000

Bank Guarantee/Surrender facility:

Amount Used	3,131	4,546
Amount Unused	4,869	3,454
	8,000	8,000

Unsecured bill acceptance facility:

Amount Used	149,000	142,000
Amount Unused	41,000	48,000
	190,000	190,000

(c) Non-cash financing and investing activities

Under the Dividend Reinvestment Plan, there were no shares issued during the year ending 30 June 2007 (2006: \$11,247,050).

(d) Business acquired

During the financial year, the Group acquired the Nepenthe business. The purchase was made in cash, financed by way of a share issue.