

# Preliminary Final Report of McGuigan Simeon Wines Limited for the Financial Year Ended 30 June 2006

(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 2006

Previous Corresponding Period: Financial Year ending 30 June 2005

# McGuigan Simeon Wines Limited

## Results For Announcement To The Market For the Financial Year Ended 30 June 2006

### Revenue and Net Profit

		<b>Percentage Change %</b>	<b>Amount \$'000</b>
Total revenue from ordinary activity (before rendering of vineyard contract services)	up	1.1	341,673
Revenue from rendering of vineyard contract services	down	25.8	19,153
Total revenue from ordinary activities	down	0.8	360,826
Profit from ordinary activities after tax attributable to members (before write down of inventory)	down	53.6	To 17,540
Write down of inventory after tax			(29,086)
Net profit attributable to members			To (11,546)

### Dividends

	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend (cents)	-	-
Interim dividend	5.00	5.00
Record date for determining entitlements to the dividend:		
<ul style="list-style-type: none"> <li>• final dividend</li> <li>• interim dividend</li> </ul>		- 10th March 2006

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

See the attached press release.

## **McGuigan Simeon Wines Limited**

### **Consolidated Income Statement For the Financial Year Ended 30 June 2006**

	<b>Note</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Sales revenue		360,826	363,700
Cost of sales		(292,429)	(272,589)
<b>Gross Profit</b>		68,397	91,111
Other income		3,430	2,407
Net market value of grapes picked during the year		1,311	4,050
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		53	(21)
Distribution expenses		(11,304)	(10,187)
Marketing/Selling expenses		(17,713)	(21,289)
Administration expenses		(8,851)	(7,800)
Borrowing costs		(11,188)	(10,152)
Write down of inventory		(41,550)	(1,969)
<b>Profit/Loss From Ordinary Activities Before Income Tax Expense</b>	2	(17,415)	46,150
Income tax benefit / (expense)		5,869	(9,712)
<b>Net Profit</b>		(11,546)	36,438
 <b>Earnings per share</b>			
Basic (cents per share) after inventory write down		(9.9)	32.6
Basic (cents per share) before inventory write down		15.0	33.8
Diluted (cents per share) after inventory write down		(9.8)	32.1
Diluted (cents per share) before inventory write down		14.8	33.3

# McGuigan Simeon Wines Limited

## Consolidated Balance Sheet As at 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		6,118	12,728
Trade and other receivables		98,679	120,698
Inventories		195,016	223,461
Financial assets		1,156	1,156
Other		4,893	6,499
		305,862	364,542
Non-Current Assets held for sale		13,511	12,194
<b>Total Current Assets</b>		319,373	376,736
<b>Non-Current Assets</b>			
Receivables		3,906	3,593
Inventories		55,204	60,018
Investments accounted for using the equity method		2,110	2,150
Other Investments		842	897
Other financial assets		2,756	3,827
Property, plant and equipment		128,834	135,202
Biological assets		30,261	31,206
Goodwill		47,711	47,611
Deferred tax assets		14,077	11,971
Other intangible assets		3,220	3,476
Other		1,439	1,376
		290,360	301,327
<b>Total Non-Current Assets</b>		290,360	301,327
<b>Total Assets</b>		609,733	678,063
<b>Current Liabilities</b>			
Trade and other payables		86,244	101,157
Borrowings		1,040	1,232
Current tax liabilities		95	11,528
Provisions		6,157	5,918
Other		10,066	4,985
		103,602	124,820
<b>Total Current Liabilities</b>		103,602	124,820
<b>Non-Current Liabilities</b>			
Payables		-	5,770
Borrowings		147,553	176,690
Deferred tax liabilities		15,290	15,919
Provisions		1,492	2,367
		164,335	200,746
<b>Total Non-Current Liabilities</b>		164,335	200,746
<b>Total Liabilities</b>		267,937	325,566
<b>Net Assets</b>		341,796	352,497
<b>Equity</b>			
Issued capital		375,674	354,258
Reserves		1,988	1,571
Accumulated losses	5	(35,866)	(3,332)
<b>Total Equity</b>		341,796	352,497

## **McGuigan Simeon Wines Limited**

### **Consolidated Cash Flow Statement For the Financial Year Ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b><i>Cash Flows From Operating Activities</i></b>			
Receipts from customers		399,393	378,901
Payments to suppliers and employees		(347,683)	(359,379)
Interest and other costs of finance paid		(10,457)	(9,341)
Income tax paid		(8,357)	(8,083)
Net cash provided by/(used in) operating activities		32,896	2,098
<b><i>Cash Flows From Investing Activities</i></b>			
Amounts advanced to related parties		-	(306)
Payment for property, plant and equipment		(16,676)	(22,211)
Proceeds from sale of property, plant and equipment		3,272	5,318
Interest and bill discounts received		485	425
Proceeds from sale of investments		53	42
Other		-	2
Net cash provided by/(used in) investing activities		(12,866)	(16,730)
<b><i>Cash Flows From Financing Activities</i></b>			
Proceeds from issues of equity securities		10,169	9,941
Dividends paid		(9,741)	(17,189)
Proceeds from borrowings		975	39,174
Repayment of borrowings		(28,043)	(3,560)
Net cash provided by/(used in) financing activities		(26,640)	28,366
<b><i>Net Increase/(Decrease) In Cash Held</i></b>		(6,610)	13,734
<b><i>Cash At The Beginning Of The Financial Year</i></b>		12,728	(1,006)
<b><i>Cash At The End Of The Financial Year</i></b>	6(a)	6,118	12,728

***McGuigan Simeon Wines Limited***

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

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## McGuigan Simeon Wines Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2006

#### 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 2005 half year report:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. Profit From Ordinary Activities</b>		
Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:		
<b>(a) Revenue</b>		
Sale of goods	322,220	320,422
Contract processing	13,420	11,451
Rendering vineyard contract services	19,153	25,824
Lease revenue	6,033	6,003
Total sales revenue	<u>360,826</u>	<u>363,700</u>
<b>(b) Expenses</b>		
Cost of sales	293,429	272,589
Net bad and doubtful debts	(168)	2,361
Net decrements arising from the write down or impairment adjustment of non-current assets:		
Receivables	-	442
Investments	44	-
Depreciation of non-current assets	10,862	9,967
Amortisation of non-current assets	255	388
Write down of inventories	41,550	1,969

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

3. Commentary on Results

- See attached press release.

4. Sales of Assets

Sales of assets in the ordinary course of business have given rise to the following profits and losses:

**Net Losses**

Property, plant and equipment

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>

	156	579
	156	579

	156	579
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5. Accumulated Losses

Balance at beginning of financial year

	(3,332)	(2,193)
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Net profit

	(11,546)	35,895
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Dividends provided for or paid

	(20,988)	(26,672)
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AIFRS adjustments

	-	(10,362)
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Balance at end of financial year

	(35,866)	(3,332)
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	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>

6. Notes to the Statement of Cash Flows

*(a) Reconciliation of Cash*

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

Cash

	6,118	12,728
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*(b) Non-Cash Financing and Investing Activities*

Under the Dividend Re-Investment Plan, shares to the value of \$9.5m were issued during the financial year.

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

	<b>2006 \$'000</b>	<b>2005 \$'000</b>
<b>6. Notes to the Statement of Cash Flows</b> (continued)		
<i>(c) Financing Facilities</i>		
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount used	-	-
Amount unused	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Unsecured revolving lease facility		
Amount used	139	473
Amount unused	1,861	1,527
	<u>2,000</u>	<u>2,000</u>
Bank Guarantee / Surrender Facility		
Amount used	4,546	3,026
Amount unused	3,454	974
	<u>8,000</u>	<u>4,000</u>
Unsecured bill acceptance facility, reviewed annually:		
Amount used	142,000	168,000
Amount unused	48,000	7,000
	<u>190,000</u>	<u>175,000</u>

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

7. Details Relating to Dividends

		Date dividend payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2006	N/A	N/A	
	2005	22/11/05	13.25	-
Interim dividend	2006	27/03/06	5.00	-
	2005	29/03/05	10.25	-
Total	2006		5.00	-
	2005		23.50	-

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

	2006 ¢	2005 ¢
Ordinary securities (each class separately)	5.00	23.50

**Interim and final dividend (distribution) on all securities**

	2006 \$'000	2005 \$'000
Ordinary securities (each class separately)	5.00	23.50
<b>Total</b>	<b>5.00</b>	<b>23.50</b>

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

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

8. Earnings Per Share

	<b>2006</b>	<b>2005</b>
	<b>¢ per share</b>	<b>¢ per share</b>
Basic EPS (after inventory write down)	(9.9)	32.6
Basic EPS (before inventory write down)	15.0	33.8
Diluted EPS (after inventory write down)	(9.8)	32.1
Diluted EPS (before inventory write down)	14.8	33.3

*Basic Earnings per Share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Earnings (after inventory write down)	(11,546)	36,438
Earnings (before inventory write down)	17,540	37,816

	<b>2006</b>	<b>2005</b>
	<b>No. '000</b>	<b>No. '000</b>
Weighted average number of ordinary shares (b)	116,960	111,764

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit	(11,546)	36,438
Earnings used in the calculation of basic EPS	(11,546)	36,438

(b) The employee share options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

## **McGuigan Simeon Wines Limited**

### **Notes to the Financial Statements For the Financial Year Ended 30 June 2006**

#### 8. Earnings Per Share (continued)

##### *Diluted Earnings per Share*

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Earnings (after inventory write down)	(11,546)	36,438
Earnings (before inventory write down)	17,540	37,816
	<b>2006 No. '000</b>	<b>2005 No. '000</b>
Weighted average number of ordinary shares and potential ordinary shares (b), (c), (d)	118,445	113,459

- (a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Net profit	(11,546)	36,438
Earnings used in the calculation of diluted EPS	(11,546)	36,438

- (b) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	<b>2006 No. '000</b>	<b>2005 No. '000</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	116,960	111,764
Shares deemed to be issued for no consideration in respect of:		
Employee share options	1,485	1,695
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	118,445	113,459

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

8. Earnings Per Share (continued)

- (c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

<b>2006</b>	<b>2005</b>
<b>No. '000</b>	<b>No. '000</b>
N/A	N/A

- (d) Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share:

<b>2006</b>	<b>2005</b>
<b>No. '000</b>	<b>No. '000</b>
N/A	N/A

9. Net Tangible Assets Per Security

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Net tangible assets per security	2.42	2.65

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

10. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	2006 %	2005 %	2006 %	2005 \$'000
<b>Associates</b>				
Tempus Two Pty Ltd	50%	50%	53	(21)
Mangola Vineyards Pty Ltd	45%	45%	-	-
<b>Joint Venture Entities</b>				
			53	(21)
			-	-
			-	-
<b>Aggregate Share of Profits/ (Losses)</b>			53	(21)

11. Contingent Liabilities and Contingent Assets

	2006 \$'000	2005 \$'000
Contingent liabilities		
None	-	-

12. Segment Information

**Segment Revenues**

	External Sales		Inter-Segment (i)		Other		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Bottled wine	167,290	147,390	-	-	-	-	167,290	147,390
Bulk wine and processing	168,350	184,483	-	-	-	-	168,350	184,483
Vineyards	25,186	31,827	-	-	-	-	25,186	31,827
Other	-	-	-	-	-	-	-	-
Total of all segments	360,826	363,700	-	-	-	-	360,826	363,700

(i) N/A

## **McGuigan Simeon Wines Limited**

### **Notes to the Financial Statements For the Financial Year Ended 30 June 2006**

#### 12. Segment Information (continued)

##### **Segment Results**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Bottled wine <sup>(1)</sup>	8,171	17,151
Bulk wine and processing <sup>(2)</sup>	(18,923)	29,449
Vineyards	3,082	8,224
Total of all segments	(7,670)	54,824
Unallocated	(9,745)	(8,674)
Profit from ordinary activities before income tax expense	(17,415)	46,150
Income tax expense relating to ordinary activities	5,869	(9,712)
Net profit	(11,546)	36,438

(1) Whilst sales in the bottled division are up, the margin has been impaired by:

- \$2,005,000 relating to inventory write down;
- Lapping of \$2.0 million in profit from higher margin one off sales in 2005;
- a reduction in margins in the domestic branded business; and
- increased export sales but at a low margin.

(2) Includes \$39,545,000 relating to inventory write down.

##### **Segment Assets and Liabilities**

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bottled wine	85,786	88,106	23,235	33,724
Bulk wine and processing	381,567	447,783	55,054	71,740
Vineyards	67,860	76,395	20,257	19,897
Other	-	-	-	-
Total of all segments	535,213	612,284	98,546	125,361
Eliminations	-	-	-	-
Unallocated	74,520	65,779	169,391	200,205
Consolidated	609,733	678,063	267,937	325,566

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

12. Segment Information (continued)

**Other Segment Information**

	<b>Bottled Wine</b>		<b>Bulk Wine &amp; Grapes</b>		<b>Vineyard Development &amp; Management</b>	
	<b>2006 \$'000</b>	<b>2005 \$'000</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Carrying value of investments accounted for using the equity method	2,110	2,150	-	-		
Share of net profit/(loss) of associates and joint venture entities accounted for under the equity method	53	(21)	-	-		
Acquisition of segment assets	980	22,429	5,364	4,394		
Depreciation and amortisation of segment assets	1,415	315	8,925	9,449		
Significant revenues or expenses	-	-	-	-		

**Products and Services within each Business Segment**

Bottled Wine	<ul style="list-style-type: none"> <li>• Sale of branded bottled wine throughout Australia and overseas.</li> </ul>
Bulk Wine & processing	<ul style="list-style-type: none"> <li>• Sale of bulk wine and bulk in bottle throughout Australia and overseas.</li> </ul>
Bulk in Bottle	<ul style="list-style-type: none"> <li>• Bulk wine which has been contract packaged and sold overseas.</li> </ul>
Vineyards	<ul style="list-style-type: none"> <li>• Contract management and development of vineyards.</li> <li>• Profit on owned vineyards.</li> </ul>

**McGuigan Simeon Wines Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2006**

12. Segment Information (continued)

*Information on Geographical Segments (secondary reporting format)*

	Revenues from External Customers		Segment Assets		Acquisition of Segment Assets	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australia	162,480	194,623	551,073	614,508	7,660	27,422
United Kingdom	145,813	86,509	38,270	33,339	-	-
North America	25,018	49,629	9,161	20,657	-	-
Europe	13,627	15,365	3,565	2,868	-	-
New Zealand	7,473	10,524	2,343	3,064	-	-
Other	6,415	7,050	5,321	3,627	-	-
Total of all segments	<u>360,826</u>	<u>363,700</u>	<u>609,733</u>	<u>678,063</u>	<u>7,660</u>	<u>27,422</u>

**Composition of each Geographical Segment**

See above.

13. Information on Audit or Review

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

- |  |  |
|--|--|
| <input type="checkbox"/> The accounts have been audited.   | <input type="checkbox"/> The accounts have been subject to review.           |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> 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.